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FULLER UTILIZATION OF MANPOWER RESOURCES DISCUSSED

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[Article by Li Chengrui [2621 2052 3843] and Zhang Zhuoyuan [1728 0587 0337]: "Comprehensive Planning for People Awaiting Employment and Making Full Use of Manpower Resources--Including Comments on Certain Problems in Population Theory and Research"]

[Text] To develop a comprehensive and proper plan for people awaiting employment and make a fuller and more rational use of our country's abundant manpower resources are important problems in further consolidating our country's stable and united political situation, in readjusting well the proportionate relationships in our national economy, and in carrying out socialist modernization and construction in a greater, faster, better and more economical manner. In the past, due to the prolonged interference and destruction wrought by Lin Biao and the "gang of four" which dragged our entire national economy to the brink of collapse, our hitherto relatively rational economic structure and employment framework were seriously disarranged. Also, because for a long time we had failed to carry out well the work of planned birth control and had lost control of population growth, in recent years the problem of employment in cities and towns has gradually become exceedingly acute while in society at large a large number of people are looking for work.

In 1979, under the leadership of the party and the people's government, and thanks to efforts made from all sides, cities and towns in the country managed to find employment for 9.02 million people who included youths awaiting employment and other people as well and including 1979 graduates of universities, intermediate schools and institutes of special learning who normally came under the state's centralized placement plan. These results were indeed gratifying.

Basically, the results achieved were mainly due to the efforts made to readjust our country's economic structure and employment framework and to make them rational and in conformity with our country's actual conditions, thus opening up and widening the road to employment. This was shown mainly in the following two directions: one was readjusting the structure of the ownership system. Simultaneously, with the enterprises under the all-people ownership system stepping up the demand for more workers, more enterprises were set up under the collective ownership system. The other was readjusting the structure of the economic departments in which simultaneously with the development and expansion of the industrial, communications and construction departments, greater attention was given to developing the commercial, food and beverages and service trades.

In 1979, the setting up of collective enterprises took the following basic forms: first, new business stores, urban service stations and small factories and plants were set up. Second, street production units and service stations increased the variety of their products or services, or increased their work shifts or generally extended the scope of their business operations. Third, units under the all-people ownership system in cities and towns, industrial and mining districts and animal husbandry areas made use of their existing plant premises, sites, equipment and technological facilities to help personnel awaiting employment set up collective enterprises. Fourth, the masses set up collective enterprises themselves. Fifth, agricultural, industrial and commercial organs were encouraged to jointly engage in and expand their activities to assist educated youths. In addition, enterprises run by individuals were allowed to come into being, subject to the state's leadership and operating within a specified sphere. In so doing, it was possible not only to solve the employment problems of many people but also to create more wealth for the country and satisfy certain needs of the masses.

In 1979 concurrently with an increase in the number of staff workers and employees in the industrial, communications and transportation departments, a rather rapid increase was seen in the number of staff workers and employees in those departments concerned with commerce, food and beverages enterprises, the service trades, cultural, educational and public health activities, and public utilities of cities and towns. Thus by the end of 1979, the ratio of workers and employees in the direct production departments out of the country's total number of workers and employees was on the downturn whereas the ratio of workers and employees in the indirect production departments in the total number of workers and employees in the country was on the upturn (though still not above the 1965 level), and there was a change in the phenomenon of industry and capital construction having the "longer end" while commerce, the food and beverages enterprises, the service trades, cultural, educational and public health activities and public utilities in cities and towns have enterprises, the service trades, cultural, educational and public health activities and public utilities in cities and towns have the "shorter end." Of the total capital construction investments made in 1979, the proportion of capital construction investments spent on production enterprises dropped from 82.6 percent of the preceding year to 73 percent, and the proportion spent on investment on housing for workers and employees, public utilities in cities and towns, and culture, education and public health increased from 17.4 percent in the preceding year to 27 percent. In other words, the proportion between bone and meat began to change. Changes of this kind in the production construction structure naturally brought along corresponding changes in the framework providing employment and made it possible to provide more jobs.

It was very apparent that in 1979 some success was made in providing jobs for those awaiting employment. Yet, it must be noted that there still existed many problems in this connection. First, there was a contradiction between providing jobs for those awaiting employment and raising the labor productivity rate. Many enterprises created jobs just for the sake of providing employment. It frequently happened that work which could be done by three people had instead five people doing it. This was decidedly detrimental to raising the productivity rate of labor. In solving the employment problem some localities resorted to the method of making an organization take upon itself the entire responsibility, that is to say, the structure concerned was asked to provide jobs for the children of its own staff as well. Although in so doing it helped to arouse the enthusiasm of the various departments to plan and provide employment yet several questionable points were obvious. For example, the standard set for employment was lowered and the principle of finding the best man for the job was neglected. The situation deteriorated to such an extent that job planning was in name only, that the organization became overstaffed, and that business accounting and actual economic results were totally disregarded. Second, among the newly established enterprises only a few were part of the collective ownership system. Some of them were in name under the collective ownership system, but in fact were not collectively owned. According to investigations conducted by certain municipalities, less than 20 percent of the newly established enterprises under the collective ownership system had actually differentiated themselves from the all-people ownership system. Third, while the door was opened wide to provide employment, it was not so widely opened to provide education and training. It is true that although some localities did grasp educational processing for the benefit of people awaiting employment and actually reaped certain results therefrom, yet in the main the work done was piecemeal and failed to make comprehensive plans for the education and training of youths awaiting employment. Presently, in many localities many youths are still unemployed and are idling away the most precious time of their lives.

Some Suppositions on Comprehensively Planning Job Placement for People Awaiting Employment

To make comprehensive planning of job placement for those awaiting employment is an extremely complicated problem. It requires composite treatment such as formulating and adopting multisided policies and measures. Below, we shall present for reference certain suppositions from four different angles, namely, employment, education and training, use of talents and social welfare or relief:

1. Further Readjusting the Economic Structure and Employment Framework and Opening Wide the Road to Employment

This is the most fundamental measure. In this connection, the year 1979 was a good start. From now on, we should summarize those experiences and continue along the same road.

To open up wide the road to employment, we must proceed a step further and readjust the ownership structure. Hereafter the enterprises under the all-people ownership system must achieve a planned and stable development and absorb a portion of the labor force. At the same time, more enterprises under the collective ownership system must be set up. The collective system is suited to a production level which requires not too high a degree of mechanization but can be handled by manual labor (these include agriculture, handicrafts, retail stores, and the food and beverages and service trades). In those the enterprise responsible for their own profit or loss, the production enthusiasm of the workers masses can ben readily aroused. Also, they require relatively small fixed assets and little equipment but can absorb a large labor force. It has been initially estimated that under the all-people ownership system, on the average each worker or employee required fixed assets and equipment worth more than 10,000 yuan, whereas that required by workers and employees of enterprises under the collective ownership system was less than 2,000 yuan per person. Some of the enterprises under the latter system actually did not require much fixed assets and equipment but could just the same start production or operation. With the same amount of fixed capital to start business, collectively-owned enterprises can absorb several times more labor power than can all-people-owned enterprises. In order to strengthen and promote the development of collectively-owned enterprises, we should give them the necessary support in terms of finance, credit and loan, taxation and supply and marketing of commercial goods. As for those collectively-owned enterprises which are already in existence, their nature and status as being under the collective ownership system should be duly recognized, and they should not be treated or controlled as if they were under the all-people ownership system. Some enterprises may in name be "collectively-owned" but in reality their workers may work alongside of workers under the all-people ownership system inside premises under the latter system. In such cases, we must "expect the facts to correspond with the name" and every effort should be made gradually to separate such workers from the enterprises under the all-people ownership system in matters of production, organization, management and control. In this way "the name will correspond to the facts" and the enterprises will truly come under the collective ownership system. In the cities and towns and rural villages, there should be an adequate degree of laxity in treating the ownership system. Bearing in mind that conditions vary from locality to locality and insuring that the absolute superiority of the socialist public ownership system is a prerequisite, we should permit the coexistence of various business types and various economic compositions and also permit the existence of enterprises run by individuals. The constitution of the state permits non-agricultural laborers to engage in individual labor subject to the unified planning and control of the basic-level organs in the cities and towns or rural villages and within the permissive sphere of operation under the law. In 1953, the number of independent laborers in cities and towns in the country reached some 9 million people, equivalent to half the number of workers and employees at the time. Following cooperativization, their number remained at 1 to 2 million. During the period of the Great Cultural Revolution, basically speaking there were no self-employed laborers in existence. It is true that from the standpoint of direction we should gradually effect the socialist remaking of individual economy. Nonetheless, in the past, some of the steps taken were a little too hasty, resulting in the elimination of certain kinds of individual economy which could otherwise be retained. For example, it was not exactly appropriate to banish individual workers, who used to frequent streets and alleyways in cities and towns, from doing odd jobs or repairs or the individual handicraft workers engaged in making sundry articles for daily use, or the pedicab drivers in big cities and towns. Presently, to permit the existence of enterprises run by individuals and encourage them to organize themselves in some appropriate forms according to needs is beneficial to opening up the road to employment and to increasing employment. In addition, for overseas Chinese and foreign merchants to set up enterprises, subject to the permissive limits of the law of the country, is likewise a supplementary measure to promote production and increase employment.

In order to open up wide the road to employment, it is necessary further to readjust the structure of the various departments of the national economy. Noting the objective requirements for appropriate proportionate relationships within the national economy and also noting our current conditions of an overcrowded population and a backward economy, we must earnestly promote the development of those light industries and handicraft industries which require a large labor concentration. We must appropriately control the development of heavy industry which requires concentrated capital investments. An initial estimate shows that the equipment for a worker in the heavy industry requires investment by the state of some 12,000 yuan whereas equipping a worker for the light industry needs an investment of only 6,900 yuan. In other words, with the same amount of investment light industry can absorb nearly double the amount of labor compared with heavy industry. Building and promoting agriculture-industry-commerce integrated enterprises and doing well the job of running farms for educated youths also provides an important avenue for planning and providing jobs for youths awaiting employment.

To open up wide the road to employment, it is also necessary to continue to carry out the guideline calling for the simultaneous development of both large and medium-sized and small enterprises. However, the method used in implementing this guideline should be improved and perfected. To promote small enterprises, we must give full play to their special capabilities, such as their ability to handle small orders, ability to operate in lively and in many-sided ways, and ability to obtain raw materials and market their products locally. What the large enterprises do not do, or are unwilling to do, or cannot do can be handled by the small enterprises. However, the current problem is that a portion of the small enterprises are not fully utilizing their special capabilities but are trying blindly to achieve development. They try to copy the example of large enterprises in every way, fighting with the large enterprises for raw materials, but in the end they turn out products that are substandard. They incur high production costs and produce a small profit margin, at times their accounts dip into the red. Small enterprises of this kind are devoid of the power to survive. If they do not change their ways, sooner or later they will be eliminated in the course of the present modernization program. The state should strengthen its guidance over the direction of development of the small enterprises and provide them with effective support in their remaking. In this connection, Japan's experiences are well worth our study and reference. Japan's population density is 2 times higher than ours but its unemployment rate has stayed for a long time at around 2 percent. One of the important reasons for this is that it has adopted an economic structure of a double standard, that is to say, on the one hand it has modernized large enterprises and on the other it has a vast number of medium-sized and small enterprises. A breakdown of its workers shows that 54 percent are employed in enterprises with a staff of less than 30 people. The reasons why the great majority of its small enterprises can survive and grow are that it has paid special attention to developing and promoting the unique capabilities of small enterprises and has striven hard to achieve the objectives of the enterprises being small but expert, small but specialized, small but new, and small but lively and capable of operating in manifold ways. In this way, small enterprises have formed an indispensable part of Japan's modernized national economy.

2. Reform Further the Educational System, Open Wide the Road to Study and Training, and Prepare Well the Unemployed Youths for Future Employment

As a result of the serious damage to the national economy by Lin Biao and the "gang of four" and in view of the conditions of a steady increase in the gross population figure and in the size of the newly-risen labor force, we may well expect that in the foreseeable future there will exist quite a large number of people awaiting employment and that a problem handed down for many generations cannot be completely solved immediately. This naturally poses a difficult problem. However, everything can be divided into two. A situation of this kind can give us a good opportunity to train the younger generation and to raise their cultural and technical levels. Hence, simultaneously with opening up wide the road to employment, we should open up wide the road to education and training and organize all those youths who temporarily cannot find employment into various types of study and training groups. To open up wide the road to education and training, it will be necessary to join together this work with reforming the educational system and promoting educational development so that we can put into full play the enthusiasm to run schools by the state, by the collective groups and by individuals.

It is essential that the state runs the schools. So long as the state can afford, it should do its utmost to increase appropriations to education and also to increase the student enrollment in universities and institutions of special training. It should reform the structure of intermediate education. Aside from expanding existing educational institutions and establishing new ones, it should consider how to make use of those enterprises, out of a total of some 350,000 existing industrial enterprises in the country, which should be closed or suspended in the course of the current economic readjustment. These enterprises, or a portion of them, could be converted into technical schools or intermediate schools of special training. The laid-off workers could then attend the schools while continuing to receive their pay. In addition, a number of the educated youths awaiting employment could be absorbed into these schools in order to receive specialized training. If each such school were to take in a score or more of these youths, the aggregate result for the entire country could reach quite a sizeable figure. At the end of the school term and if the students successfully pass their examinations, they then could be assigned jobs. If it happens that by that time the jobs available are still not sufficient, then some of the existing workers and employees in other enterprises who have not had any previous training may have to vacate their jobs and be transferred to the schools for training. Thus a rotational process will be developed. These new intermediate schools for special training plus others already in existence or newly established should gradually form a network for the technical training of the majority of workers and employees. This would be extremely useful in raising the scientific and technical levels of our country's working class.

Concurrently with expanding education and schooling as mentioned above, we should also actively, and in a planned manner and on a large scale, set up correspondence schools (with mobile teaching facilities) broadcasting schools, television schools (with teachers giving supplementary instruction) and evening colleges. We must make full use of the buildings of existing intermediate schools. Correspondence schools, broadcasting schools and television schools may use the classrooms of the intermediate schools for evening guidance and test sessions while the evening colleges may use the rooms for classes. In short, the principle is not to put up any new building or to put up as few new buildings as possible. In this way, under our present difficult financial conditions, we would not need to spend much money but would still be able to set up a large number of schools to absorb as many and as quickly as possible the masses of youths awaiting employment.

The running of schools by collective groups. Under the unified guidance of the educational departments and labor departments of localities, and provided they possess the necessary conditions, enterprises, trade unions, and labor service companies can run different kinds of training classes or "work-study" schools. They themselves can solve the problems of finding teachers and classroom facilities. Part of the expenses needed could be met from the enterprises' funds and the state would provide some assistance if conditions permit.

The running of schools by individuals. It is recommended that the government allow individuals to run different kinds of continuing education schools. Retired industrial and commercial workers and patriotic overseas Chinese should be allowed to run schools if they provide the necessary funds. At the present stage of development of the educational and cultural undertakings in our country, this is a supplementary measure but is a force which cannot be overlooked.

Whether it be collective groups or individuals running schools, the schools must be examined and approved first by the government's educational departments. They must possess the necessary license and must be under strong leadership and subjected to rigid control in order to insure their correct educational and political directions and a definite standard of teaching. Thus, it is recommended that the government promulgate regulations governing the running of schools by collective groups and individuals. Those with outstanding successes in running schools will be duly commended and awarded. All schools, no matter what they are (including television and broadcasting schools), must rigidly implement the system of conducting tests and examinations. Those who have successfully passed the examinations will be awarded diplomas.

Concerning the existing middle schools and primary schools, it may be worthwhile to restore the 12-year system to replace the 10-year system now in force. This not only will ease the current pressure for employment but also will help in raising the educational standard and allow for the students to learn more substantially.

The teaching staff of the schools run by the various sources may be picked from among the outstanding graduates of colleges, schools for special training and senior middle schools. Graduates of senior middle schools could take up teaching of coaching jobs and at the same time engage in further research and advanced studies, thereby gradually becoming qualified teachers or better teachers. This will further increase the opportunities for employment.

3. Further Improving the Labor System and Firmly Implementing the Principles of Picking the Best, Employing According to Talent and Freedom in Applying for Jobs

These are the key measures to convert the problem of labor employment from a passive to an active approach. If there exists no system whereby we can really select only the good ones, or employ people according to their talents, or allow people freely to apply for jobs, then it will not be possible generally to arouse the enthusiasm to study on the part of the masses of youths. Even though the state has spent much money, has put up the buildings and has hired the teaching staff, it does not necessarily follow that everybody will study hard, nor would it be possible to convince those workers and employees of enterprises which have been closed down or have suspended operation to set their mind really on the studies in the hope of gaining more skills so that they could better tackle their jobs in the future. The effects can be readily seen if we can really and in an all-round way put in force the system of picking only the good ones, employing people according to their talents, and allowing people freely to apply for jobs. In such an eventuality, even though the state has not spent much money and has not put up many buildings, the masses themselves will overcome the difficulties and turn to study and training. At present, some youths, of their own accord, have hired people to teach them physics, or chemistry, or foreign languages, paying a fee of 100 yuan each for a complete course with each taking care of his or her meals and living quarters and have thus reaped satisfactory results. They did not spend a single cent of public funds. Is this not a truly inspiring example?

Seriously and in an all-round manner carrying out the principles of picking only the good ones, or employing people according to their talents and of allowing people freely to apply for jobs, constitutes an important reform of the labor system. It indicates that getting a job does not depend on spending years of waiting, or leaving to lady luck, or by going "through the backdoor" but rather on one's own real talents. It not only can encourage the laborers speedily to raise their cultural and technical levels and promote the construction of the modernization enterprises, but also can greatly help in building up a congenial social atmosphere and encouraging individuals to progress.

Picking only the good ones for employment means that examinations must be conducted. When it is found that the examination results are about the same, preference should be given to those educated youths who have remained for sometime in the cities and towns and to those who likewise have spent some time in the countryside. Also, the principle of employing people according to their talents must be seriously implemented. Those who have passed examinations and are accepted for employment by the enterprises should be assigned different kinds of work in accordance with the grades of their examination results. This will put to full use an individual's talents. We must also carry out the practice of allowing people freely to apply for jobs. In employing their staff members, the various enterprise units, except when it is necessary to reserve a few posts to be filled as planned, must publicly invite applications for jobs. They should allow people awaiting employment and those already employed freely to send in their applications. All unnecessary restrictions must be removed in order that under stated conditions an individual person may freely choose the kind of job or profession he likes.

4. With the Consideration of the Country's Financial Capability, Gradually Strengthen the Social Relief System and Provide a Minimum Standard of Living for People Awaiting Employment

Concerning these people awaiting employment, particularly the masses of youths, who have taken various kinds of studies, the government should guarantee them a minimum standard of living. The initial supposition is that taken into consideration the different living standards in the big, medium-sized and small cities and towns, a minimum standard of living is fixed for each. Then, take the number of persons in a household and find the average monthly income per person and also find the difference between the monthly average and the minimum standard. Wherever possible, the state should provide the necessary subsidy and relief. But it must be made clear to all: due to serious damages caused by the "gang of four," the state is in difficulties and can only provide relief according to the minimum standard.

At present, our country is still relatively poor and our finances are still in a stringent state. Are we capable of carrying out social relief? This question can be answered after conducting some investigations and research. In 1979, Tientsin Municipality conducted an investigation of some 9,500 households of workers and employees. Persons whose monthly income was below 16 yuan made up 2.81 percent of the total. Thus, it would appear that of the entire urban population in the country about 3 percent were in need of relief. This being the case, and estimating that the total urban population in the country was about 0.13 billion people, roughly about 4 million people were in need of a subsidy of some kind. As a matter of fact, these people did have some income already, perhaps a difference of 1 to 2 yuan, or 3 to 5 yuan, or 7 to 8 yuan from the average. Hence, the aggregate figure required for relief could not be very large. Besides, in their endeavour to stabilize the social order, many cities and towns themselves had already formulated certain measures of relief which provided subsidy or help of some sort to a portion of those people sorely in need. It is recommended to the departments concerned to investigate conditions of this nature and submit draft plans of statutes on social relief and social insurance to the government for consideration so that they may be gradually implemented when and as the financial conditions of the state permit.

The four kinds of measures cited above are conditions which are complimentary and are mutually supplementary. Opening up wide the road to employment is really the heart of the problem. Opening up wide the road to study and training makes those who temporarily cannot find employment well prepared for future employment. The measures of picking only the good ones for employment, of employing only those who have talents, and of allowing people freely to apply for jobs can arouse enthusiasm for study on the part of those awaiting employment and those already employed. They also enable people to make good and full use of their talents. At the same time, strengthening the system of social relief can lead those awaiting employment to setting their hearts and minds on their studies and training. This is an important condition for bringing about stability and unity.

Besides the four principal measures mentioned above, there are other measures to be adopted. For example, the working hours could be made more flexible; the system of taking leave could be improved; more encouragement could be given to those willing to go to the border areas for reclamation and settlement; contracting for construction projects in foreign countries may be encouraged; and so on.

In our opinion, if we fully and earnestly carry out the four measure cited above and also the other measures, we can basically solve the contradiction at present between raising the labor productivity rate and making comprehensive planning for those awaiting employment and stabilizing the social order. At the same time, it will help to solve the contradiction between the large labor force available and its low (in terms of cultural and technical level) quality and thereby enable us to more fully give play to our advantage of having rich labor resources. We cannot continue the stupid practice of letting five persons do the job of three persons. We should let three persons do the job of three persons and let the remaining two persons study and learn. But we must provide the two persons doing studying and learning with the necessary subsidy funds for subsistence and protect them from hunger and cold. In so doing we can change the vicious circle of there being a plentiful labor force but insufficient jobs, of next creating jobs to accommodate persons and bringing about a low labor productivity rate and finally of being back to slow production progress and job insufficiency, the better cycle of giving jobs to capable persons and making incapable persons take up studies and training, of next achieving a high labor productivity rate and raising the workers' technical level and finally of achieving production progress and development and an increase in job availability.

Certain Problems Concerning Population Theory

One of the important topics of population theory is how to fully utilize labor resources. Since the crushing of the "gang of four," many thinkers have come out loudly in favor of a planned control of population growth so that there will not be an oversupply of labor in the future. They contended that population growth must be in line with the growth of material resources and thus reverse the former adverse verdict on Mr Ma Yinchu's "new population theory." They brought forth valuable ideas such as that a couple should have only one child and that the population growth rate should be brought down to zero. Furthermore, they also made some predictions on the future trend of our population. Generally speaking, they have made many worthwhile suggestions and comments.

Population study has very rich materials. In the research on socialist population theory, we must go into the problem of planned population control and must also investigate the problem of how to fully utilize the present labor resources and how labor power may be rationally distributed among the various departments of the national economy so that each individual will do his best and so that all talents will be fully exploited. This is to say, we must study long-term and future problems and at the same time take up the practical problems of the moment. These two types of problems must be closely linked together. It is only in this way that more comprehensive and better guidance can be provided for actual practice. In the foregoing, we have already discussed the utilization of labor. Below we shall present our views on population theory for mutual discussions.

I. A Man's Hand and Mouth Relationship From Society's Standpoint

Concerning the relationship between a man's hand and mouth, or rather the relationship between a producer and a consumer, in the past it was strongly contended that man had two hands and could create material wealth. It neglected that man also had a mouth and must eat and must play the role of a consumer. Hence, the contention was one-sided and erroneous. Indeed, we must take due note of both hands and the mouth and should not neglect either. As to how to comprehensively and penetratingly know the relationship between the hands and the mouth, further study is needed. In this connection, let us make an overall accounting of the ratio between population and material resources such as how much money is needed to equip a worker or what amount of grain is needed for a man to subsist. But such figures should be examined and analyzed with knowledge of the past historical conditions of the society and knowing the kind of production relationships that exist. Doubtlessly the size of the population must be in line with the available quantity of material resources for living. Only, the problem is: The increase or decrease of the population figure, the high or low speed of its growth, how man acquires the means of doing work, and the production and growth rate of materials for living are all governed by production relationships and by the historical conditions of the society. In particular, the problem of how the hand (that is to say, the laborer) and production materials are linked together is in itself concerned with production relationships. The way these two factors are joined together under the semi-colonial and semi-feudalist old China is basically different from that under socialist new China. Even though under the same socialist new China, a difference is still found under different conditions such as when the guiding thought in economic construction is in agreement with objective laws and when it is not, or not exactly, in agreement.

Over the past 30 years since the founding of the republic, due to changes in the guiding thought over economic construction, the arrangements for economic construction and labor were found to have had many vicissitudes, being up on three occasions and down on two occasions in each of which the way of joining together the hand and production materials was strikingly different one from the other.

From 1949 to 1957, the national economy enjoyed rapid growth. Gone were the huge masses of the unemployed leftover from old China (the unemployed in cities and towns numbered about 4 million people). The superiority of the socialist system was demonstrated convincingly. What was principally done was: The enthusiasm on all sides was aroused and reliance was placed on them to energetically promote production. The road to employment was wide open. The planning of the production structure was generally in accord with the state of affairs in the country such as a huge population and a weak foundation but the employment structure was rather rational. Despite the low economic level at the time, the relationships between man's hands and mouth were fairly well handled.

From 1958 to 1961, accompanying the sharp rise and fall of the national economy, the employment framework was greatly disrupted. In 1958 high production targets such as doubling the iron and steel output were set following which tens of millions of people from the rural villages took up iron and steel refining and went to the cities to work. The number of workers and employees under the all-people ownership system sharply increased to 20 million people, 75 percent of which were accredited to the industrial departments. Within the industry itself, 83 percent of the increases in staff were absorbed by heavy industry. Obviously this went against the objective laws governing the development of the national economy. It brought about a serious imbalance in the relationship between the economic structure and the employment framework. Consequently, labor power and production materials could not be well joined together and the hand and mouth relations were in a strained condition.

From 1962 to 1965, the national economy was readjusted. There was a sharp cut in the number of workers and employees and the agricultural production frontline was strengthened. This gradually restored harmony between the economic structure and the employment framework and the relationship between the hands and the mouth also became more harmonized.

From 1966 to 1976, when Lin Biao and the "gang of four" ran amuck, both the economic structure and the employment framework were seriously disrupted and economic development suffered a relapse. At that time, the country failed for a long time to effect a planned control of population growth. Now those born in the early years after the establishment of the republic had reached the age of employment but the cities and towns could not provide sufficient jobs for this new labor force. As a result, large numbers of youths had to be sent to the mountains or to the countryside. There was a sharp increase in the number of youths awaiting employment, and manpower fell out of line with production materials. The contradiction between the hands and the mouth thus became more and more acute. In the rural villages, it also was a problem to find employment for this increasing labor force. This was because grain was taken as the key link and the promotion of multiple enterprises was condemned as capitalism. Governed by this stringent ownership system, the road of agricultural production became narrower and narrower and planning employment for this new labor force in the rural villages became an outstanding problem.

After the fall of the "gang of four," production was restored and developed. Both the economic structure and the employment framework developed in a rational direction and the problem of linking together manpower and production materials was gradually solved.

The experiences gained since the establishment of the republic, particularly the two adverse experiences mentioned, were most deepgoing. This was because that on the one hand for a long time the country did not have a sufficient understanding of the planned control of population and even allowed correct ideas to be pushed aside and attacked. On the other hand, extreme leftist ideas in the sphere of economic work and policies were allowed to play havoc.

First, production relations had become deviated from the development level of production power. In 1957, Comrade Mao Zedong pointed out: "In planning, work and deliberation of problems, we must start from the standpoint of our country having a population of 600 million people. Never should we lose sight of this fact." "Our policy is to make unified planning with due consideration of all concerned and to make suitable arrangements." "Does it mean that the government must take care of all people and all things? Certainly not. Concerning people and things, social organizations can work out the means to handle them and so can the masses work out means to handle them. They can think out many, many good ways." (Mao Zedong: "On Correctly Handling the Problem of Contradictions Within the People," Mao Zedong's Selected Works, Vol 5, pp 387, 388.) Unfortunately, for a prolonged period we have not followed his words. Concerning the new labor force in cities and towns, we only thought of letting the state develop the unified arrangements for employment. There was no thought of depending on the strength of the society, nor on letting the masses directly work out ways and means. Concerning the economic structure, we despised the collective ownership system and rejected enterprises run by the individuals. We hindered development of production and hindered the masses from giving full play to their enthusiasm. In short, we reduced each individual's chances for employment.

Second, the planning of the economic structure was lop-sided. Take, for example, the rate of increase in the number of workers and employees of the various departments. If 1952 is taken as the base 100, then the index for 1978 would show that the increase in the departments of industry, capital construction, communications and transportation and agriculture and forestry was 463 percent, whereas the increase in such service departments as commerce, the food and drink trade, public utilities in cities and towns, culture and education and public health was only 98 percent. Naturally, old China's economy had been very backward and it was necessary after the founding of the republic to devote great efforts to develop the production departments of industry and communications and to appropriately speed up the development of heavy industry. However, other departments likewise offer essential conditions for smoothly promoting production and construction and for improving the people's livelihood. In 1977, of all of the workers and employees in the countryside, the ratio occupied by such service trades such as commerce, food and beverages and urban public utilities tended to be low, being not only much lower than that in the Western economically developed countries but also lower than in many developing countries. This caused much inconvenience to the people's livelihood and at the same time prevented providing for more jobs to the labor force.

In handling the proportionate relationship between agriculture, light industry and heavy industry, for a long time the priority development of heavy industry was stressed one-sidedly, but heavy industry was mainly interested in serving itself and failed to give effective support to agriculture and light industry. As a result, there appeared the phenomenon of the materialized labor force edging away from the other types of labor force, a symptom which ordinarily could have been avoided under our country's socialist system. With heavy industry serving as an isolated but predominant force, an imbalance was naturally caused in the national economy. This tended to make all the more difficult the problem of finding employment for the newly emerging workers. The following table is illustrative: ratio of labor power between heavy industry and light industry in our country (light industry as base)

Year	1957	1960	1965	1976
Light industry	100	100	100	100
Heavy industry	66	184	111	157

From the above table it can be seen that on both occasions (1957 and 1965) when the employment problem was not so pressing the ratios for heavy industry were not so impressive whereas on the other two occasions (1960 and 1976) when the employment problem assumed serious proportions heavy industry development was stressed one-sidedly. (Of course, many other factors also had a bearing on the employment situation.)

II. Dialectically Looking at the Good and Bad Points of a Large Population

In the past, the belief was the more people the better. It overlooked that having more people would bring about difficulties in education, employment, housing and market supplies. This belief was indeed lop-sided. It caused such dire effects as the rate of population-increase being too high and the employment problem becoming more and more acute. To remedy this situation, the party and government put in force a series of forceful policies and measures to promote a planned birthrate and to control population growth. This was absolutely necessary and correct. In spite of this, due to our having lost control of population growth in the past, it is entirely possible that for some time to come objectively speaking the population in our country will continue to increase (naturally the rate of increase may be downward). In socialist construction, we must make good use of the advantages and avoid the disadvantages. Possessing a large population has its own advantages. We should make good use of these advantages and not view ourselves as helpless. Just exactly what are the advantages of a large population? For example, a large labor force can fully utilize all production materials and available natural resources. It helps in promoting the development of such production enterprises and service trades in which machines cannot replace manual labor. It is advantageous to the development of enterprises requiring labor-concentration including enterprises [words indistinct] labor such as the electronics industry. A plentiful labor force plus a low wage level helps in lowering production cost and adds to the power of competition of goods in the international market. It expands foreign trade. Some developing countries take advantage of their having many people to speedily develop their economy and forge a bridgehead in the international markets. If only we could have a real understanding of this problem and rely on the superiority of the socialist system, it would be entirely possible for us to surpass them in accomplishments. Again, for example: the existence of plentiful labor force can enable youths to devote more of their time to education and training, thereby raising their scientific and technical levels and improving the quality of the labor force. Moreover, with a plentiful labor force more time can be given to leisure hours which is advantageous to the overall development of the individual. At present, labor efficiency is low while the working hours are long. Both of these conditions are disadvantageous from the public and private standpoint. On the premise of raising the labor productivity rate, we should consider the possibility of shortening the working time and improving the work and leave-taking system. In some cities, the textile departments have changed their 3-shift system daily to a 4-shift system daily, thereby shortening the working hours per shift. As a result, production efficiency went up, the cost of production went down, the health of the workers was improved, there were less family problems and everybody was happy.

III. Looking on All Sides at the Relationship Between Numbers and Quality in Regard to Labor Power

So far as numbers are concerned, our country has the most plentiful labor resources in the world. As to quality, our working people are diligent, industrious and courageous. Their socialist consciousness and enthusiasm are high. These are the good factors. However, their scientific and technical levels are relatively low. This is an unfavorable factor. Although many people are awaiting employment at the moment, yet, certain enterprises, after installing new equipment, are unable to find qualified workers to handle them. Some units have difficulty even in finding qualified typists and stenographers. Is this not a big contradiction?

In seeking improvement of the quality of the labor force, some comrades brought up the question of eugenics. They advocated preventing such phenomena as allowing retarded and other persons to have children and only allowing healthy persons the right to have children. This is, of course, important but it is also important to look into the subsequent education of the masses.

The mainstay of the labor force is the human being who has definite talents as well as experiences in production. How can we reinforce the education of an individual and raise the production capacity of a workers. (1) In the total investments of the state, there must be a rational ratio between investments in material resources and investments in human resources. Presently, investments on the latter tend to be on the low side. This state of affairs must be corrected. (2) We should carry out the two kinds of educational system advocated long ago by Comrade Liu Shaoji, that is to say, education in schools must be handled well and at the same time various other kinds and types of education outside the schools must be extensively promoted. (3) Within the structure of the intermediate schools, there should be a rational ratio between general education and vocational education. At present, the ratio for vocational education must be raised. (4) The most fundamental measure is to arouse the enthusiasm for learning and training on the part of the masses of youths. To do this, we must basically change the existing practices such as the state making unified distribution of jobs, or "allocating jobs to both good and bad applicants alike," or "making the rice-bowl an unbreakable one," or "only taking in employees without retiring any." We must seriously carry out the systems of picking only the good ones for employment, employing people according to their talents, and allowing application for jobs without restriction. Just as an enterprise under the guidance of the state's policy exercises freedom in employing its personnel so does the individual have a definite freedom to choose his or her profession. Past experience has testified that under conditions of socialism and in-between periods when the labor force shifts from studying to employment and vice versa it is inevitable that there is a small number of people awaiting employment. No harm can be done if the state can provide them with some relief without allowing them to drift along aimlessly, if their number does not exceed a definite percentage (say between 1 to 2 percent), and if the opportunity is used to give them due training and education. If an enterprise is devoid of the autonomous right of using people, then it would not be possible to carry out real business accounting, or to effectively raise the rate of labor productivity, or to change the lazy ideology of certain people to live on the state, or to arouse the enthusiasm of the masses of youths to study hard, to research conscientiously, to strive for advancement and to demonstrate the superior heritage of the Chinese race of being diligent, industrious, clever and intelligent. We must advocate that aiming generally at benefitting the four modernizations each and every person should insist on learning and studying tirelessly and tenaciously. The old exaggerated epithets of "going it alone" and "making a name for one's self and family" should no longer be tolerated.

In short, the study of population theory, including a study on how to fully utilize the labor power resources, must start from the actual conditions of our country and must serve the socialist modernized construction enterprises.

CSO: 4006

NATIONAL ECONOMIC POLICY

LAW OF INSURING MEANS OF SUBSISTENCE DISCUSSED

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[Article by Dai Yuanchen [2071 0954 2525] of the Agricultural Finance Department of the Ministry of Finance: "On the Law of Insuring the Means of Subsistence"--slantlines denote boldface type]

[Text] The Law of Insuring the Means of Subsistence Is a Law of Reproduction Associated With the Law of the Preferred Growth of the Means of Subsistence

The Marxist theory of reproduction regards the preferred growth of the production of the means of production as the prerequisite for expanded reproduction. If the value of the means of production created by Category I can just offset the value of the means of production consumed by Category II, that is, if I (V plus M) is equal to IIC, then in the society only simple reproduction can be maintained and expanded reproduction will be impossible. If I (V plus M) is less than IIC, then even simple reproduction cannot be maintained. Increasing the means of production and expanding the production of the means of production are necessary for expanded reproduction. If expanded reproduction is not accompanied by a change in technology, the preferred growth in the means of production will be temporary and slow. The feudal economy remained stagnant for a long time but the capitalist economy enjoys rapid growth in the productive forces. The key reason is that science and technology creates colossal productive forces and that the organic composition of capital grows continuously. Lenin expounded the inevitability of the preferred growth of the means of production on the basis of Marx' theory of the continuous growth in the organic composition of capital under conditions of advancing technology. He pointed out: "Growth is fastest in the production of the means of production for manufacturing other means of production, slower in the production of the means of production for manufacturing the means of subsistence, and slowest in the production of the means of subsistence." (Lenin: Collected Works, "On the So-called Market Problems," Vol 1, p 71) Obviously, if either a capitalist or socialist society is to achieve continuous technological progress, the organic composition of capital must increase continuously and the production of the means of production must enjoy preferred growth. In our country's achievement of the four modernizations, only the preferred growth of the means of production can make possible the production of various kinds of new technological equipment. Then various sectors of the national economy can enjoy continuous technological progress.

Lenin also pointed out: "The whole significance and role of the law of the preferred growth of the means of production is: the replacement of manual labor with mechanical labor (generally referring to the technological progress in the age of mechanized industries) necessitates the faster development of the production of coal and iron, which are 'the means of production for manufacturing other means of production.'" (Lenin: Collected Works, "On the So-called Market Problems," Vol 1, p 88) Following this instruction of Lenin, people put the development of heavy industry in a prime position, took the production of iron and steel as the key link for promoting the development of production in various industries, and took the targets for heavy industrial products like iron and steel as the main indicator of the degree of industrial development. This could not have been discredited if the requirements of proportionate development had not been violated. It is a great achievement to have built up today's industrial foundation which begins to take shape while our country was poor and suffered from backwardness in industry. We are marching toward the four modernizations and we want to arm various sectors of the national economy with modern technology and equipment. This is difficult to achieve without a high degree of development of heavy industry.

However, we must also note that during a certain period in the past, because the targets for certain major industrial products were set unrealistically high, not only were the heavy industrial sectors subjected to tremendous pressure, but agriculture and light industry were also displaced. Investment in agriculture and light industry was too small. The funds originally intended for effecting innovations, tapping potentials and transforming in the light industrial enterprises were often reallocated to heavy industry. The coal, electric power, oil, materials and raw materials as well as communications and transport services to be supplied to light industry were often reallocated to heavy industry. Therefore, the development of agriculture and light industry was inevitably hindered. Moreover, because of the high targets for heavy industry, heavy industrial products were mainly used for the industry's expanded reproduction. To a great extent the industry became a system that served itself and grew for its own sake and could not make due contributions to agricultural and light industrial development. All of us have been painfully aware of this.

Marx proved that the heavy industrial sector should not become a system serving itself and growing for its own sake. He pointed out that expanded reproduction necessitates an increase in both the means of production and the means of subsistence. "Category I must make use of its surplus products and supply additional invariable capital to Category II. Likewise, in this sense Category II must also supply additional variable capital to Category I." (Marx: "Das Kapital," Vol 2, translated by Guo Dali and Wang Ya'nan, the People's Press 1964 Edition, p 576) Both categories I and II must develop and an appropriate proportional relationship must be maintained between them. This is because if Category I alone but not Category II is developed, and if Category II cannot supply more consumer goods to satisfy the growing needs of the additional labor force and workers, then expanded reproduction cannot continue. Marx said: "Let I.M/X denote the portion of I.M paid out as the capitalists' income. I (V plus M/X) can be equal to, larger than or smaller than II.C, but I (V plus M/X) must necessarily be smaller than II (C plus M). How much smaller depends on what fraction of II.M in Category II the capitalists must consume themselves in any case." (Ibid, p 581) Obviously, if expanded reproduction is to go on smoothly, then both M/V--the consumption of the additional labor force in Category I, and I/M/X--the portion of M in Category I used for the capitalists' consumption, must be compensated for by the means of subsistence supplied by Category II. Therefore, if we deduct from the products of Category II, that is, II (C plus V plus M), firstly the compensation for the consumption of the labor force in Category II itself, namely II.V, and secondly the compensation for the consumption of the additional labor force II/M/V together with the portion of M used for the capitalists' consumption II.M/X, then the remaining portion, namely II/C plus M minus M/V minus M/X), must be sufficient to satisfy the needs of Category I. Otherwise, disproportion between Categories I and II will result and production will be adversely affected. Therefore, I (V plus M) cannot exceed II.C in an unlimited manner. Category I cannot grow without limit. It is constrained by: I (V plus M/X) is less than II (C plus M minus M/X) which is in turn less than II (C plus M). The relationship which should be maintained between the two categories is that I (V plus M/V plus M/X) equals II (C plus M/C). If the workers' living standard is to be raised, we must also have I (V plus M/V plus M/X) less than II (C plus M minus M/V minus M/). [as printed] I think this thesis /can be termed the law of insuring the means of subsistence/. It is a law of reproduction associated with the law of the preferred growth of the means of production. Each of these two laws enhances and constrains the other. If the relationship between the two is satisfactorily handled, expanded reproduction can be quickened. If the relationship is improperly handled, the continuation of reproduction will be hindered.

Judging from the conditions of the various stages of development since the founding of the people's republic, we have been repeatedly penalized in practice for acknowledging in theory only the law of the preferred growth of the means of production while denying or not knowing the law of insuring the means of subsistence and denying or not knowing the importance of developing the production of the means of subsistence. The existence of the law of insuring the means of subsistence is conclusively demonstrated only when immense costs have been incurred, when the backwardness in producing the means of subsistence has affected the sustained growth of the economy and the improvement of the people's livelihood, and when the gap between the effective demand and the supply of the means of subsistence is continually widening.

Understand the Law of Insuring the Means of Subsistence and Correctly Handle the Proportional Relationship Between Categories I and II

To correctly handle the proportional relationship between Categories I and II, it will be advantageous to understand and explore the law of insuring the means of subsistence and study the specific uses of the formulas reflecting the principle of reproduction. This is because the inequality: I (V plus M) greater than II.C must be constrained by another inequality: I (V plus M/X) is greater than II (C plus M). This places a limit on the highest and lowest values of the output of Categories I and II. In a plan for the development and growth of Categories I and II, does the preferred growth of Category I exceed the highest permissible value, and does the growth of Category II fall short of the lowest value which must be insured? These questions can be examined by substituting numerical data in the two formulas concerning reproduction. Thus these two formulas can be used to examine whether the two categories are proportionate and whether the targets are too high for the output of the means of production, in particular for the output of heavy industry.

In the past expositions on the formulas concerning reproduction, illustrative quantities concerning the two categories were often randomly invented. However, to apply theories about reproduction to practice, we should in our substitution use numerical data which can reflect reality. When talking about the proportional relationships between categories I and II or among agriculture, light industry and heavy industry, people often make comparisons with developed countries and wish to attain the proportions of such countries rather quickly. Actually, under conditions of differing organic compositions of capital funds, technological development and labor productivity, the numerical proportions of categories I and II will be greatly different and not comparable. Our country's agriculture is marked by a low organic composition of capital funds and low labor productivity. The average annual grain output of a worker is merely something over 2,000 jin. However, in an economically developed country, the annual grain output of an agricultural worker may be 10 to 100 times several thousand jin. In light industry, the organic composition of capital funds and labor productivity are much lower in our country than the economically developed countries. Therefore, the proportion of Category II output should be larger in our country than in the economically developed countries. Different countries cannot be compared in a simplistic manner. Therefore, when we talk about specific application, we mainly refer to a historical comparison. A country's economy invariably develops gradually on an existing foundation. Through quantitative historical comparison, we can examine whether the changes in the proportions of Categories I and II are in accordance with objective laws. Then we can opportunely know whether the proportional relationship between Categories I and II is appropriate and have numerical data available for helping us readjust the proportions of Categories I and II.

When reproduction goes on year after year, the numerical proportion between the two categories will change along with the increases in the organic composition of capital funds, labor productivity, the number of people employed and the workers' income. When we formulate economic plans, we cannot onesidedly and excessively expand the proportion of the Category I output, which will cause disproportions between Categories I and II. We also cannot make the numerical relationship between the two categories become a rigid proportion. Rather, we should adopt the viewpoint of movement and development to examine whether the changes in the numerical proportions of Categories I and II are rational or well coordinated. In this respect, we need to notice the following few points.

1. The magnitude of growth in the Category II output which we should maintain is inversely proportional to both the increase in the organic composition of capital funds and the increase in labor productivity, and directly proportional to both the growth of the labor force and the growth in the workers' income and their level of consumption. Therefore, if the number of people employed increases but other conditions remain unchanged, in particular if labor productivity remains unchanged, then the growth in the means of subsistence should correspond to the increase in the number of people employed. When formulating plans, if we excessively develop Category I production and neglect Category II production, then the expanded labor force will not obtain increased means of subsistence and this will go against the requirement of the law of insuring the means of subsistence. We should consider the needs of the increase in the number of people employed and basically maintain the same proportion between the additional I.C, I.V and II.C, II.V of the two categories.

In recent years, our country's economic development has depended mainly on building new enterprises and increasing the labor force and equipment. The economic growth rate has not exceeded the rate of growth in the number of workers. The industrial and agricultural labor productivity has not conspicuously improved. Moreover, in the days to come, it will still be a major problem to assign jobs to the considerable number of people waiting for employment. Nevertheless, recently people have still not adequately understood that giving priority to heavy industry and neglecting light industry and agriculture cause serious backwardness in Category II production. Therefore, we must conscientiously implement the principle put forward by the party Central Committee on readjusting the national economy and appropriately raise the proportion of Category II production. Only thus can we gradually alter the disproportion between Categories I and II in a planned way.

2. An increasingly dominant trend in our future economic development is to gradually employ modern advanced technology to equip various national economic sectors and alter the organic composition of various sectors in the course of the four modernizations. In the extreme case, if technological transformation and the increase in the organic composition of capital funds make it possible to increase output without expanding

the labor force and without increasing labor intensity, and if the workers' income remains unchanged, then expanded reproduction only necessitates an increase in the means of production and it is unnecessary to increase the means of subsistence. Then, when the reproduction in Category I expands, Category II can just maintain simple reproduction. If the workers' income increases, but the labor productivity in Category II increases even faster, then the proportion of Category I can relatively expand. Therefore, the proportional relationship between Categories I and II is not unchangeable. However, the extent of change and the tolerable magnitude of the preferred growth of the Category I output depend on the increase in the organic composition of the capital funds and the increase in labor productivity in the two categories as well as on a relative decrease in the demand for an additional labor force. Some comrades' understanding on this question is that under conditions of technological progress, the preferred growth of the means of production ceases to exist and the preferred growth of the means of consumption appears. It seems that when they oppose one kind of onesidedness they fall victim to another kind.

Judging from the modernization processes of various developed nations of the world, when Category I develops and when Category II is continually equipped with new technology so that the organic composition of capital funds in Category II continually increases, if labor productivity also continually increases, then a portion of the labor force can be continually transferred to Category I. In our country, in formulating plans in the future, corresponding changes should accompany considerations of technological progress and the modernization of our national economy. But ours is a large and populous country and every year many people must be assigned jobs. When we change the proportions of Categories I and II, we must fully take into account our country's characteristics and pay more attention to Category II production when we consider what technological means to adopt, the demand of additonal labor force by such technological means and so on. If we change the proportion too drastically, so that the limit permitted by the development of Category II production is exceeded, then we will be penalized in practice.

3. The compensation of fixed assets in value (amortization) and the material replacement of fixed assets (equipment replacement) are not synchronous. If the basic depreciation funds are withdrawn and used before the date due for equipment replacement, then because this actually amounts to increasing fixed assets, the labor force and consequently the means of subsistence must be increased, no matter whether the funds are used by the enterprises themselves or by the state, or whether they are used for filling up the gaps, forming complete sets or for tapping potentials. When the time is due for replacing fixed assets, the discarding and replacement of fixed assets will not pose a new demand on the labor force; the demand for labor may even relatively

decrease because new technology is introduced during replacement. Therefore, the problem of the contradiction between the demand and supply of the means of production as well as the problem of employment, brought about by the cyclical replacement of fixed assets, become a monster of inextricable cyclical crises which exist under capitalism. In the past there has not been much discussion on the relationship between the replacement cycles of fixed assets and reproduction under socialism. In fact such cycles also exist. However, the public ownership of the means of production prevents the replacement cycles from becoming cyclical crises. Nevertheless, the changes in the demand of new labor force, caused by the replacement cycles of fixed assets, will become increasingly manifest along with the progress of the four modernizations and the increase in fixed assets. This has been proved by the various problems brought about by the aging of some coal mines, oilfields and equipment of old light industrial and textile enterprises. This must be considered when planning for and studying the numerical proportions of Categories I and II.

4. Expanded reproduction is mainly effected through capital construction, and there is a certain time lag between the start of capital construction projects and the time when they go into production. Although in illustrations people usually allot the increased I.C and II.C to the expanded reproduction of the next year in their calculations, actually before the capital construction items go into production, they merely consume the means of production and living labor without supplying any products. Whether capital funds are invested in Category I or Category II, the capital construction projects can become real factors of expanded reproduction only after they have gone into production. Therefore, when formulating plans we can only consider the effects of those capital construction projects that go into production in the current year on the proportions of Category I and Category II output, but those projects under construction can only be deducted. For many years our country's capital construction front has been too extensive and marked by excessive scale and long cycles, so that the capital construction investment accounting for one-third of the total value of fixed assets, cannot play a beneficial role. For a long time the capital construction departments have consumed additional means of production and means of subsistence, but they have been unable to create wealth for society. This is a very marked problem of the reproduction process. Therefore, reducing the capital construction front and shortening the capital construction cycle are important tasks in quickening our national economic development and in enabling reproduction to go on smoothly.

The two formulas concerning reproduction mentioned above deal with the relationship between Categories I and II. However, the means of subsistence, like food, clothing and daily necessities, are the needs of the whole society. When we apply these two formulas in practice, we must also consider the several points below.

1. Discussions of the proportional relationship between Categories I and II usually exclude the sectors of nonmaterial production, such as commerce, service trades, scientific research and the cultural, educational, medical

and health and administrative sectors. However, the people in these sectors also need food and clothing, which are made available through either the redistribution of I.V and II.V or the deduction from II.M, namely II.M/X. In the final analysis, if the personnel of these sectors as well as the social aggregate purchasing power are increased, Category II must supply additional means of subsistence. Therefore, when formulating plans, aside from controlling the social aggregate purchasing power, we must also correctly handle the relationship between the material production sectors and the nonmaterial production sectors. For one thing, it is incorrect to despise the nonmaterial production sectors, to regard commerce, service trades, scientific research, cultural and educational work, medical and health work and so on as dispensable, to downgrade them as subordinate to the productive sectors and to onesidedly emphasize self-service. For another thing, it is also wrong to excessively develop the nonmaterial production sectors without considering the reality that labor productivity is low in our country's material production sectors. It is wrong to assume that the service sectors can accommodate an unlimited number of people waiting for employment, without considering the fact that the consumption needs of the additional labor force must still be taken care of mainly by the material production sectors. In the final analysis, only by quickening the development of Category II production can we create conditions for the development and growth of the nonmaterial production sectors.

2. The military industry is often regarded as a heavy industry and examined as Category I production. Actually, this industry neither produces means of production nor means of subsistence. It takes away means of production from Category I and means of subsistence from Category II and produces those arms, ammunition and equipment necessary for safeguarding national security. Only that part of it producing goods for civilian use can really be classified into Categories I and II according to the nature of the products. Therefore, suppose production in the military industry is called Category III, it will perhaps be more appropriate to deduct the quantities of Category I and Category II products supplied to Category III. This will perhaps be more favorable to specifically analyzing and studying the proportional relationship between Categories I and II.

Category III continually takes away means of production and means of subsistence from Categories I and II. This will inevitably affect the speed of social expanded reproduction. At present Japan, West Germany and so on enjoy rapid economic development while the Soviet Union and the United States have slow economic development. The causes are, of course numerous, but to some extent this is caused by the differences in their military expenditures and the scale of their military industries. Therefore, when organizing social reproduction, we must correctly handle the relationship between national defense construction and economic construction. To protect our great socialist motherland, we must strengthen national defense construction and gradually achieve modernization in national defense. However, the extent of such construction must be appropriate. The economy is the foundation and the modernization in national defense cannot be achieved independent of the modernization of the national economy. We must not neglect the important problem of correctly analyzing and judging the world political situation and the possibility of war and using precious times of peace to reduce military expenditures and spare funds for quickening economic construction.

3. Foreign trade is often ignored in discussions of the proportional relationship between Categories I and II. However, through circulatory processes and through the import and export of Category I and Category II products, foreign trade will ultimately affect the proportions of the actual supplies of Category I and Category II products. If foreign trade serves to exchange our surplus products for what we lack, it will play the role of adjusting the proportional relationship between Categories I and II and help alleviate the contradiction between supply and demand. On the contrary, if we exchange what we lack for what we urgently need, the shortage of certain commodities will be aggravated. At present two-thirds of our country's exports are agricultural and sideline products and light industrial and textile products whose raw materials are agricultural and sideline products. The principal imports are technological equipment essential for achieving the four modernizations. In view of this situation, in planning we should proceed from our country's conditions of having a large population and low wages, gradually alter the situation that the export goods are chiefly agricultural and sideline products and products processed from them, and strive to export more secondary industrial products. We should also consider exporting some expensive durable consumer goods to withdraw money from circulation and to help achieve equilibrium in the demand and supply of consumer goods. Thus the planning of import and export trade will be more satisfactorily linked up with the requirement of achieving an appropriate proportional relationship between Categories I and II.

People often take the income from the remittances by overseas Chinese and the income from tourism as invisible foreign exchange earnings, because compared with foreign trade such income does not involve exporting goods to earn foreign exchange. However, when the relative of an overseas Chinese receives remittances, they will purchase various consumer goods; and although tourism is called a nonmanufacturing industry, it involves providing various services to the tourists, such as accommodations, food and drink, sightseeing, recreation and cultural activities, and it involves the consumption of consumer goods. An ample supply of consumer goods and good services are important prerequisites for increasing invisible income. If this point is neglected and it is misunderstood that invisible income can be earned without supplying any commodity, so that a shortage of supplies develop, then the income from the remittances of overseas Chinese and from tourism may be affected.

4. When discussing whether the proportions of Categories I and II are appropriate in the reproduction process, people usually do not consider whether the budgetary income and expenditure as well as credit receipts and payments are in equilibrium. However, in actual life, if we pursue infeasibly high targets for economic development, the planned level of (M/C plus M/V plus M/X) may exceed the overall level of M, which means that there is a deficit in the budgetary income and expenditure or a difference between credit payments and receipts. Alternatively, there appears to be no deficits, but the commercial and commodity departments have purchased large quantities of commodities without use value and the fiscal revenue and expenditure accounts are untrue, so that when the huge losses are cancelled after verification, the actual deficits will be substantial. A deficit budget indicates that capital construction exceeds the capability of the country's resources, so that the proportional relationship will inevitably be inappropriate. This is because the quantity of goods distributed actually cannot exceed the quantity produced, so that if the quantity distributed exceeds M and if M/C is to be insured, then M/V will be displaced or even V itself may be displaced and cannot be fulfilled. On several occasions our country had an excessive accumulation rate and disproportion between accumulation and consumption. Essentially an excessive accumulation rate is principally related to an excess of the quantity distributed over the quantity of M or related to a budgetary deficit. Therefore, we socialist countries must not use the deficit-budget method to undertake capital construction. Otherwise, the proportion in reproduction will not be rational and reproduction will not progress smoothly. When planning for the correct handling of the proportional relationship between Categories I and II, we must conscientiously consider the various aspects discussed above, because they will affect the specific quantities to be substituted into the two formulas: I (V plus M) greater than II.C and I (V plus M/X) less than II (C plus M). Only after computation and specific quantitative analysis can we scientifically judge whether the targets for Category I are too high or whether there is a tendency of production for production's sake.

Continually Raise the People's Living Standard Under the Prerequisites of Vigorously Promoting the Production of the Means of Subsistence and Striving for an Equilibrium Between the Supply and Demand of the Means of Subsistence

The above discussion seems to have ignored raising the workers' income. But the aim of socialist production is to satisfy to the greatest extent the people's material and cultural needs. When organizing socialist reproduction, we must not only consider the demand of the additional labor force on additional means of subsistence, but also fully consider the demand for additional means of subsistence which will accompany an improvement in the people's livelihood. If this is not adequately considered and planned for, then during the social reproduction process the law of insuring the means of subsistence will not be fulfilled and consequently in the circulation process a discrepancy between effective demand and the supply of consumer goods will appear. Therefore, an appropriate proportional relationship between Categories I and II refers to an appropriate proportion based on an insured continual improvement in the people's livelihood. If the people's livelihood is not improved, then the apparently appropriate proportion is actually disproportion in disguise. Failure to improve the people's livelihood coupled with disproportion will amount to grave disproportion.

During the first five-year plan period, the livelihood of our country's people was continually improved along with the development of production. However, during a subsequent period, the development of production was emphasized onesidedly, the accumulation rate was too high, heavy industry excessively served itself and the people's livelihood suffered from many shortages. These shortages must be made good. Those practices of emphasizing production alone at the expense of livelihood as well as emphasizing heavy industry and capital construction investment alone without caring about proportionate development were marked by leaving gaps everywhere, displacing funds everywhere and not caring about how to make good the shortages. The subjective intention of such practices was to accelerate economic development, but actually they could only result in disproportion and could not promote economic development.

But how can we make good the shortages? Good aspirations must be combined with practical feasibility. Lin Biao and the "gang of four" pushed our country's national economy to the brink of collapse. It takes time to bring order out of chaos, to heal the wounds and to readjust the proportions. It is not realistic to wish that the shortages accumulating for a long time can be completely made good in a day. Production and consumption are a unity of opposites. Production generates consumption and consumption also calls for production, but nevertheless production is ultimately dominant. What can be consumed are the products produced. It is unrealistic to demand making good the shortages at an excessive speed incompatible with the level of development in the production of the means of subsistence.

Therefore, despite the past shortages in connection with improving the people's livelihood, making good such shortages must be based on the development in Category II production and the continual increase in labor productivity. Improvement in the peasants' livelihood can be a natural consequence of the output growth of the collective economy and can also be achieved through raising the state purchase price of agricultural products. Last year the price readjustment in our country enabled the peasants to earn an additional several billion yuan. This drastically increased the peasants' enthusiasm for raising output. However, a price readjustment implies that the state must supply more industrial products in exchange for a given quantity of purchased agricultural products. The peasants can really benefit from a price rise only if such a rise is insured by material resources. Adjusting the workers' wages and distributing bonuses are important measures in implementing the principle of distribution according to work done. They powerfully mobilize the enthusiasm of the working masses. Within a short span of several years after the crushing of the "gang of four," the workers' wages have been readjusted three times in our country. This has won great popular support. But this must be backed up by increasing the output of the means of subsistence. Otherwise, the extra money income cannot be used to buy commodities and the broad masses of people will not enjoy real benefits.

To improve the people's livelihood, the key measure is to vigorously develop the production of the means of subsistence. Not only must agriculture and light industry develop greatly, but heavy industry must also produce more means of subsistence. Heavy industry must change over from serving itself to serving agriculture and light industry, supplying them with more machinery, equipment, materials and raw materials. In the past, agriculture and light industry gave way to heavy industry in the use of electric power, coal and communication and transport facilities. Now heavy industry can also give way to agriculture and light industry to enable the production of industrial and agricultural consumer products develop faster. Moreover, heavy industry can also supply the market with means of subsistence. At present the machine building and electrical machinery industries have surplus production capacity. Substantial potentials can be tapped if the organization work is done well to develop the production of durable consumer goods such as domestic electrical appliances. With the development of production, an ample supply of many varieties of consumer goods will be offered to the market and it will be easy to achieve an equilibrium between the supply and demand of consumer goods. It will then be possible to improve the people's livelihood further.

Vigorously developing the production of the means of subsistence is to fulfill the law of insuring the means of subsistence and this does not negate the law of the preferred growth of the means of production. It is because when the production of the means of subsistence lags behind that of the means of production, if we give priority to developing the production of the means of subsistence for a certain period of time, it is to let the lagging production sectors catch up quickly and to coordinate production in the two categories. Over a longer period, however, the production of the means of production will still develop faster. It is because sustained development in the production of the means of subsistence and the continual raising of the standard of technological equipment do necessitate the preferred development of those sectors producing the means of production. The two formulas concerning the principle of reproduction are a unified whole and we must not emphasize one of them at the expense of the other.

We study the law of the preferred growth of the means of production and the law of insuring the means of subsistence because we want to discover the optimum proportions and optimum composition for producing the means of production and the means of subsistence, to make a theoretical study of quantitative relationships and to provide a theoretical basis for planning for Categories I and II. I hope those comrades interested will give their opinions on whether the law of insuring the means of subsistence can be established as a theory. (Revised version, May 1980)

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SUGGESTIONS FOR HARNESSING YELLOW RIVER GIVEN

Dam Construction

Beijing GUANGMING RIBAO in Chinese 21 Jun 80 p 2

[Article by Xiao Bingjun [5135 4426 6874] of the Ministry of Water Conservancy]

[Text] Since the PRC was established, concerned departments have done quite a lot of work on harnessing the Yellow River, and their accomplishments are everywhere apparent. At present, however, soil erosion on the loess plateau is still very serious and the amount of silt entering the river is becoming larger and larger all the time; this clearly indicates that our strategy and measures in harnessing the Yellow River are still problematical. For many years, we have merely gotten a hold on flood-prevention measures for the lower reaches, without concentrating our forces to do a good job on water and soil conservation for the middle reaches, and this has been very unwise. At the same time, we did not look upon the area watered by the Huanghe (Yellow), Wei and Haihe rivers as an area where there is an opportunity for harnessing the river water for the area as a whole, but harnessed each river system independently. Doing things in this way, it was not possible to obtain the proper results. On the contrary, it created serious waste and left behind quite a number of lingering bad effects. I consider that the focal point of the strategy for harnessing the Yellow River should be placed on soil erosion on the middle reaches, and the crux is solving the problem of silt. To bring the Yellow River under permanent control, I am especially bringing out the following several suggestions:

1. Construct Daliushu Dam (situated near Zhongwei in Ningxia Province), plant many forests and grassland areas to control soil erosion along the middle reaches, and provide a water source for them. The harm done by the Yellow river derives mainly from the fact that its silt content is too high. According to statistics, the average yearly silt discharge of the river already amounts to 1.6 billion tons. It has already been clearly demonstrated by surveys that more than 900 million of those 1.6 billion tons come from the various tributaries of the middle reaches from

Hekouzhen in Inner Mongolia to the Longmen section of Shanxi, it being in particular from the Huangfuchuan, Kuyehe and Tuweihe rivers situated in Shanxi, Gansu, Ningxia and Inner Mongolia that the quantity of sand (coarse sand) is the greatest. Aside from this, the influence of sand coming from the Wulanbuhe and Maowusu deserts in Inner Mongolia on increasing the silt content of the Yellow River is also very great. Regarding the above problem, at several meetings in recent years on the subject of harnessing the Yellow River, a good many experts and persons engaged in scientific and technical work have all already recognized that we must concentrate our forces and as soon as possible harness the middle reaches of the Yellow River where soil erosion is most serious; only then can the Yellow River be saved. The principal method they proposed for harnessing the river was to plant many forests and grassland areas along the middle reaches on the loess plateau and in the wilderness grassland areas of Inner Mongolia to check soil erosion, and this method is completely correct. The plan's only insufficiency was that they did not give any consideration to solving the problem of the water source needed for planting so many trees and grasses. On the loess plateau rainfall is scant, and there is a deficiency of water sources; if attention were paid to sowing and not to watering, it would be difficult for the trees and grasses to survive. Because of this, I consider that, in calling for the planting of so many forests and grassy areas, one must at the same time help the affected area solve the problem of a water source, and the way to do that is to build Daliushu Dam as soon as possible.

Daliushu Dam is situated between Gansu and Ningxia provinces at the point where the river valley issues from the mountain gorges. After completion, it would be capable of controlling approximately 70 percent of the volume of the Yellow River, and it could provide an ample water supply for the planting of forests and grassy areas on the loess plateau and in the wilderness grassland of Inner Mongolia. According to surveys, if a canal were constructed to channel the water in a northeast direction from Daliushu Dam, it could traverse Lingwu, Taodong and Yenchi in Ningxia Province, then cross Yenbian, Dingbian and Jingbian in northern Shanxi, and converge with the Wudinghe River. Once there is a canal to channel the water, one could then set up forest belts connecting the "Three Bians" [referring to Yenbian, Dingbian and Jingbian above], Hengshan, Yulin, Shenmu, Fugu, Wushenqi, Yijinhuoluoqi, Zhungeerqi and other areas, control soil erosion, keep in check the invasions of wind and sand, and gradually remake the Maowusu Desert. If a canal were constructed from Daliushu Dam to channel the water in a northerly direction, it could lead from Zhongwei, Yanhe, and along the west bank of Lan Shan, to Dengkou and Henshan in Nei Monggol. After the water is channeled off to flush out the silt, and the silt is carried off, trees and grasses could be planted to set up a great shelter-forest belt on the west bank of the Yellow River, remaking the Wulanbuhe Desert. From Daliushu Dam a canal could also be constructed to channel water to the upper part of the North China Plain watered by the various tributaries of the Wudinghe River in northern Snanxi (the Yanhe, the northern Luohe, and the

Malianhe, a tributary of the Jinghe), to serve as a water source for the tableland of the loess plateau (in some places, water can be pumped up), and enable that area to first plant the trees and grasses. At the same time construct level terraced fields, and make use of open, level areas and valleys, etc. to prevent soil erosion.

To harness the vast area of the middle reaches of the Yellow River, construct Daliushu Dam and plant forests and grassland areas on a large scale, not only requires a large number of scientific and technical personnel and a large quantity of material and equipment, but a large number of construction workers, forestry workers and agricultural workers is also needed--these to improve the area's communications and transport conditions. For this reason, I suggest constructing a railroad as soon as possible from Ningwu in Shanxi through Fugu, Shenmu, Yulin, the "3 Bians," to Zhongning in Ningxia Province, connecting the Beijing-North China Plain Line and the line from Zhongning to Wuwei running through Gantang and Wuwei, forming a Beijing-Xinjiang and Beijing-Qinghai line. At the same time, we should construct two branch lines from Baotou through Yanan to Xian, and from Zhongning through Huaning to Baoji. And also transport out the coal that the area is so rich in.

2. Construct a "small-wave-bottom" dam, and at the same time divert the waters of the Han, Ji and Yellow rivers so as to flush out the Yellow River's channel, and solve the problem of the accumulation of silt and the rising of the river bed. At present, in the river channel along the lower reaches of the Yellow River, the river bed, owing to the accumulation of silt, has already risen to a dangerous level. Because of this, increasing the capacity of the Yellow River to carry sand into the sea and flush out the silt, and preventing the river channel from continuing to silt up--these are measures that must be adopted in the near future. To this end, I consider that, first of all, we must construct a small-wave-bottom dam. This dam would be situated along the middle reaches of the Yellow River at the mouth of a great pass west of Mengjin in Henan, and would be capable of controlling all of the silt of the middle reaches of the Yellow River before it enters the Plain. For this reason, it could become the key pivot for controlling silt along the Yellow River's middle reaches. The small-wave-bottom dam should be designed to be a dam capable of carrying out the transporting and removal of high-density silt, and also capable of diverting the yearly average of close to 20 billion cubic meters of clear water into electricity production, transport capability, and irrigation. After the small-wave-bottom dam is constructed, we can attain the goals of separating out the silt and water and dealing with them separately, and changing a harmful condition into an advantage. The small-wave-bottom dam would have, comparatively for the area, a rather deep drop, and in the course of the dam's construction this feature could be used to advantage, designing it to consist of three levels of water-sluicing facilities with the top level being the spillway, the middle level used to produce electricity, and the lower level used to drain out the silt. It is estimated in advance that after the dam is

constructed, each year it will be possible to use a volume of from 2 to 2.6 billion cubic meters of water to drain off a billion and several hundred million tons of silt. Secondly, we must at the same time divert the Hanshui River over to the Yellow River, increasing the Yellow River's capability to carry silt into the sea. I suggest that the water be diverted from Danjiangkou Dam. At present, this dam has a high face, but low sides; but merely by following the original design program and raising the height of the face of the dam to 175 meters, we could then transport out in a northerly direction a yearly average water volume of 23.5 billion cubic meters, and could divert 15 billion cubic meters of it to the Yellow River. In seasons when the water is not being used for irrigation, diverting these waters into the Yellow River, to flush it out, would greatly increase the Yellow River's ability to flush out silt and carry it into the sea, diminish the accumulation of silt along the lower reaches of the river's channel, prevent the river channel from continuing to silt up, and guarantee a safe flood discharge.

3. Combine the measures for harnessing the Yellow River with harnessing the Huaihe and Haihe rivers, realizing an overall harnessing of the area watered by the Yellow, Huaihe and Haihe rivers. In order to guarantee a safe flood discharge on the lower reaches, I suggest taking the Yiluohe River in Henan and the Qinhe River in Shanxi, which flow into tne Yellow River, and causing them to flow separately from the Yellow River, in order to diminish the Yellow River's flood peak; (and) at the same time separately to divert the Yiluohe into the Huaihe River system and the Qinhe into the Haihe River system, solving (the problem of) the disaster of flood waterlogging in the area; in this way, the waters can still be used for transport and irrigation.

At present the Yellow River's course on the lower reaches has already risen to more than 10 meters above ground level, becoming a river hanging above the ground. The river's course, owing to the unceasing accumulation of silt, is becoming broader by the day, and the volume of the moving flood has diminished greatly. If we met with a flood-peak flow volume of 23,300 cubic meters per second like that which occurred in 1958 (a flood-peak flow volume encountered once a century), then the dikes would be in danger of breaking. At present the flood-peak flow volume of the Yellow River at high-water season is greater than 10,000 cubic meters per second, and the great dikes then allow their overflow dikes to be breached. Because of this, I suggest causing the Yiluohe, the Qinhe and the Yellow River to flow separately, and add to this the flood control capacity of the Jinjiaxia, etc. dams on the upper reaches; then we can diminish the Yellow River's flood peak down to a level of flow volume that the large dikes can withstand (i.e., below 10,000 cubic meters per second), in order to guarantee a safe flood discharge into the sea.

After the trunk stream of the Yiluohe is separated from that of the Yellow River, and its waters are diverted toward the east, it will be possible to use its yearly average water volume of 3.5 billion cubic meters to irrigate arid areas along the south bank of the Yellow River in eastern Henan, western Shandong, Anhui and northern Jiangsu; and it would also be possible to form a Zhengzhou-Xuzhou-Haizhou canal, tying together all of the riverways south of the Yellow River and regulating their use in a unified way. Toward the south we could then divert the trunk canal of the Hanshui, connect it with the Tahe River--Suxian—Huaiyang canal, connecting the Dongshahe, Ruhe, Yinghe, Guluhe, Huijihe, Wohe and Kuaihe rivers, and carry out a unified regulation of their use. In this way, not only would it be possible to eliminate the problem of drought north of the Huai (river) and bring about advantage for transportation but, moreover, it would enable the trunk stream of the Huaihe River to only take on the burden of water coming from mountain regions in the south, and be freed of the assumed burden of the converging waterlogged floodwaters of the various rivers watering the vast area to the northwest. Because of the fact that all of the rivers in the area watered by the Huaihe River can be separated and each allowed to flow eastward to the sea, it is possible to avoid completely the disaster of the soil in the area becoming waterlogged and then alkaline.

After the trunk stream of the Qinhe River is separated from the Yellow River, its yearly average volume of 1.5 billion cubic meters could flow east into a Xinxiang-Yucheng-Fuguo canal formed after the Weihe and Tuhaihe rivers were connected; it would also be possible to divert the regulated flow of the main trunk canal of the Hanshui River into a Gandan-Jianqing-Chengkou canal, formed after the Fuyanghe and Majiahe rivers were connected, which would then enter the sea. In this way, the excess floodwater of Pudongnan and the northern bank of the Yellow River could flow directly into the sea by means of the two canals above. The situation that existed in the past when the Zhanghe, Weihe and Fuyanghe rivers, because none of them can flow directly into the sea, flowed north instead to converge with the Hutuohe, Daqinghe, Yungdinghe, Chaobaihe and Wenyuhe rivers, overflowing and becoming rampant on the plain of the Haihe River, becoming a disaster, would thus naturally be eliminated.

The above suggestions have been considered from the point of view of a long-term strategy, and for that reason require a comparatively long period of time before they could be brought to realization. Nevertheless, from this time on we must set to work on planning. It is hoped that concerned departments will conscientiously get a hold on a program to bring the Yellow River under control once and for all.

Causes of Harm

Beijing GUANGMING RIBAO in Chinese 21 Jun 80 p 2

[Article by Zhu Xian [2612 7359 6206], researcher of the Institute of Northwest Water and Soil Conservation of the Chinese Academy of Sciences]

[Text] If we want to harness the Yellow River, we must find out the origins of its harmfulness, and a correct way of eliminating the harm and bringing about benefit. Several thousand years of experience in harnessing the Yellow River clearly prove that, with the current, soil will flow along indiscriminately; if it silts up too chaotically, disaster will result; if the soil is kept, held back, raised up, (and if the silt is) directed and deposited by "yuguan" [warping] on land used for production, then benefit will arise. It seems that retaining (the soil from being eroded) on the spot is the best possible scheme; for the water not to flow down onto the bank, and for the mud not to go out into the channel, is the next best scheme; to construct a dam for every channel, keep back the silt and retain the water, and divert the floodwaters for warping on level ground along the banks and tableland, reducing the flood peak, is the next best scheme; to construct a dam to retain the floodwater, and build dikes to stop up the "kou" [literally, mouths] is the next best. However, the Yellow River has been doing harm for a thousand years, and the cumulative seriousness of it is hard to reverse. The upper, middle and lower reaches are different in countless ways, with the problems in the different areas having varied degrees of urgency and seriousness. Therefore, both an overall, long-term plan for the permanent control of the river, systematic, concrete steps for implementing it and a well-conceived construction plan are required.

On the loess plateau situated on the middle reaches of the Yellow River, land use is extremely unreasonable, tending to destroy the ecological environment and increase the severity of soil erosion, creating the basic cause of the Yellow River's harmfulness. For this reason, a general harnessing of the loess plateau is the fundamental, radical way for the development of production and getting the Yellow River under complete control. A general harnessing must also be on the basis of reasonable land use. At present, if we want to change the backward condition of this area's agricultural, forest, livestock and sideline products production, and the difficult condition of the people's livelihood, we must completely eliminate the influence of the thinking that favors planting only food crops. The situation of reclaiming land on the slopes in such a way as to have extensive cultivation with meager harvest is a long-standing bad custom. Thinking that favors the planting only of food crops enables this kind of bad custom to be perpetuated. Now, we must from top to bottom bring order out of chaos, make a great effort to plant forests and grassy areas, bring about an overall development of agricultural, forest and livestock production, and gradually change extensive cultivation with meager harvest to slight cultivation with abundant harvest;

only then is there hope for the loess plateau. Self-sufficiency in food for this region is attainable. All the production brigade cadres even say that for all areas there is a precedent of dry land producing over 600 jin per mu, and wet land producing over 1,000 jin per mu. This clearly indicates that if only the majority of production brigade cadres and commune members carry out scientific planting, it would be completely possible to reach this level. Only, in order to speed up the bringing under control of the loess plateau, I suggest that the nation exempt this region from the state purchase quotas, encourage all areas to proceed with the overall development of agricultural, forest and livestock production, and especially encourage the development of livestock production.

The greening of the loess plateau is a fundamental measure for harnessing the area; only if the vegetation is completely restored will the entire ecological environment have the possibility of improvement, and disasters of floods and droughts, especially torrential rains and hail-bearing rainstorms, have the possibility of being mitigated, and more or less eliminated. The thickly layered loess is sparse and easy to flush away, and as soon as a runoff occurs on the surface of the ground, the soil is very easily eroded; this is the cause of the high-silt-content floodwater found in every ditch, gorge and river course. If plants were grown on the surface of the ground, whether the roots were of grasses, shrubs or trees they would be able to intercept the ground-surface runoff on the spot, keep the fertile soil in place, cause ground-surface water to become underground water, reduce sudden rises and falls in the flood peaks of river valleys, stabilize the year-round flood volume of the river, and in this way not only eliminate at this source the harmfulness of the floodwaters of the lower reaches of the Yellow River, but at the same time help with the lower reaches' use of water.

Reasonable land use and the restoration of vegetation for the loess plateau, seen from the angle of ecology and soil and water conservation, should be determined separately for each region. The area north of the ordinary grassland region should have as its aim the setting up of a modern herding base area, and plant mainly forage grass and shrubs; trees can only be used for shelter purposes, and it would not be appropriate to plant them in whole tracts. Aside from serving as a base area for forestry, the area south of the forested grassland area should also plant mainly shelter-forest, which can be planted in stretches on slopes. To sum up, shelter-forest should be combined with fuel forest; herding forest should be combined with forests used for regulating the amount of runoff; check dams with fixed channel beds should be combined with "liugutang" [willow check dams]; and fruit tree forests should be supplemented with the appropriate engineering and biological measures. The way for planting forests and grass should be mainly by manual labor, to be supplemented by [forest and grassland] reservation plus nurturing. For sparsely populated and comparatively arid areas, aerial sowing can be employed; however, on the ground this should be supplemented with manual loosening of the soil, tending and such work. Aside from state-managed forests, after the forests are planted the property rights will revert to the communes and brigades, to the extent that the group will plant, the group will protect and the group will reap the benefit, in order to mobilize fully the initiative of the great masses.

Combining Damming, Draining, Removing Silt

Beijing GUANGMING RIBAO in Chinese 21 Jun 80 p 2

[Article by Jiang Huichou [5592 1798 0321], deputy chief engineer of the Yellow River Water Conseurvancy Committee]

[Text] The disease of the Yellow River is silt. To summarize all the experience of the past in harnessing the Yellow River, I consider that if we want to solve the Yellow River's silt problem, we must, on the basis of doing a good job of water and soil conservation on the middle reaches, implement a policy of combining damming, draining and removal of silt. Causing the Yellow River's water and silt to change from being a source of harm to an advantage will benefit production on the upper, middle and lower reaches.

In "damming" we must first place importance on doing a good job of bringing under control the approximately 100,000 square kilometers of sandy and coarse sandy area along the middle reaches of the Yellow River. In bringing the area under control, we must put into effect a method of combining engineering measures and biological measures; at the same time as making a great effort to plant trees and grasses, we should supplement our efforts with large and middle-sized dams to hold back the silt, intercepting a portion of the silt and causing it to accumulate in the thousand ditches and 10,000 gullies of these areas, and to disperse over the banks, tableland and flat open country. However, in view of the fact that the above-mentioned measures require a comparatively long period of time before the effects of holding back the silt are everywhere apparent, for the immediate future we should combine reaping the benefits of controlling the floodwaters, the construction of Long Men, Xiao Langdi small-wave-bottom and other key projects, and making use of blocked-off storage capacity to block off the silt, as interim measures. According to estimates, with only the Longmen and Xiao Langdi dams' blocked-off storage capacity, 16-17 billion cubic meters (of silt can be retained), enabling the silting up of the lower reaches of the river's passage to be diminished within 30 to 40 years.

There ought to be four kinds of measures for the "removal of silt." One kind is depositing the silt along the banks and beaches; along the sandy beaches of the middle reaches from Longmen to Tongguan, and along Wenmengtan beach in Henan, the surface area is rather large and, moreover, it would be comparatively easy to place the silt. This should be a priority measure. Another method is to deposit the silt and strengthen the dikes on both banks along the lower reaches, and raise big, higher dikes above the surface of the ground on both sides, gradually causing the lower reaches of the Yellow River to become a relatively underground river. Another measure is to combine diverting the Yellow River's water for "yuguan" [warping] of farmland with causing the portion of the silt that leaks off to fertilize the fields. Yet another measure is to deposit the silt on low-lying alkaline land beyond the dikes, though this method would affect the population, and the amount of farmland affected would be rather much, so experiments should be made first, and one should proceed with caution.

By "draining" is meant discharging the sand into the sea. Two different measures might be used; one is to harness the lower reaches of the river's course as a whole, and to harness the river's mouth, increasing our ability to arrange the flow of the headwaters, and of the silt; yet another is to make use of dams t· shift the water and sand, causing the silting up of the river's course to diminish, and flushing as much sand as possible into the sea.

None of the above-mentioned measures of damming, draining and removal of silt is unlimited in its capacity to solve the silt problem; there are a good many measures that can only be effective over a definite period of time; because of this, we must use water and soil conservation along the middle reaches as our basis, for the final solution of the problem of the silting up of the Yellow River lies in water and soil conservation along the middle reaches.

Based on the practical experience of the Sanmen Gorge dam's holding back silt, we need only lower the Yellow River's yearly silt discharge capacity from its present level of 1.6 billion tons to 800 million tons, and then the lower reaches of the river's course would have a low level of silting, and the problem of the Yellow River would be fundamentally solved. I consider that, if only we adopt a policy for harnessing the river of damming, draining and removal of silt, and use a combination of many measures, then in 20 or 30 years there will be an everywhere-apparent change in the present dangerous situation along the Yellow River's lower reaches.

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ECONOMIC PLANNING

POST, TELECOMMUNICATIONS MANAGEMENT SYSTEM TO BE RESTRUCTURED

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pp 12-14

[Article by Chu Hua [5969 0553]: "Restructuring Post, Telecommunications Management System"]

[Text] Due to the interference and sabotage of the extreme leftist line of Lin Biao and the "gang of four", and with some shortcomings in our economic work, our nation's postal and telecommunications departments are suffering from widespread problems of duplicate offices, scattered personnel and facilities, low labor efficiency, poor economic effects and the root cause is the problem of management. Reviewing the positive and negative experiences and lessons of the past 30 years since Liberation and in view of foreign management experience, a reform of the management system of the postal and telecommunications departments to adapt to the needs of the present situation has been the urgent task of the present time.

The economic activity of the postal and telecommunications departments begins from telecommunications production activities (sending of messages for users or providing channels for the transmission of messages). To accomplish the task of communications production, there must be a definite material and technological foundation, i.e., a communications network of bureaus and stations and a communications network must be built. To assure the material and technological foundation of communications production, agencies for research and development of corresponding communications equipment and facilities, production design and installation must be set up. The relationship among the various kinds of economic units within the post and telecommunications department is: the degree of society's need for post and telecommunications determines the scale of the network of communications bureaus and stations and the communications network. The scale of the network of the communications bureaus and stations and the communications network determines the amount of expenditure for communications facilities and equipment. The amount of expenditure for post and telecommunications equipment and facilities also determines the size of the market of the research and development agencies, production agencies, design agencies and construction agencies for communications facilities and equipment.

According to the analysis of the characteristics of the economic activities of the post and telecommunications departments and the demand for socialization and specialization in production, I believe the following reforms can be made in the present post and telecommunications system: The present city and county post and telecommunications bureaus (or post offices, telegraph offices, municipal telephone offices) should be set up as business enterprises. A post and telecommunications company should be set up throughout the nation in charge of business services for postal and telecommunications activities and internal processing (classification and selection or exchange). The postal routes above the municipal and county levels in the communications network should be singled out from the present enterprises, subsidiary companies for postal transportation should be set up and a national postal transportation company should be set up to handle postal transportation activities. The units of telecommunications lines above the municipal and county levels in the communications network should be singled out. Subsidiary companies for telecommunications transmission and a national company for telecommunications transmission should be set up to handle transmission of telecommunications. In addition, the presently scattered postal plants, telecommunications plants, post and telecommunications sciences research agencies and design and construction units should be organized separately according to the specialty as postal technology centers and telecommunications technology centers (similar to company organization) in charge of the research and development, production, installation design and construction of post and telecommunications facilities and equipment to provide whole systems of technical equipment for post and telecommunications business companies, postal transportation companies and telecommunications transmission companies.

The various types of companies above are all economically independent entities. Complete and strict economic accounting is done. They manage their own finances, make their own profits and bear their own losses. Each company possesses its own necessary production information and capital. Each must shoulder the economic responsibility of its own business activities and legal responsibility. The relationship among them is: the post and telecommunications business enterprises sign contracts with subsidiary telecommunications transmission companies and with subsidiary postal transportation companies based on the need of business activity. The post and telecommunications business companies should draft a development plan for business enterprises based on a forecast of the need for post and telecommunications services in the society. A plan for basic construction should be drawn up. Contracts should be signed with postal technology centers or telecommunications technology centers to purchase whole systems of technical equipment. The postal transportation companies and the telecommunications companies should separately draw up their own development plans according to the future demands for postal transportation and for telecommunications channels proposed by the post and telecommunications business companies. Plans for basic construction should also be drawn up and contracts should be signed with the postal technology centers and the telecommunications technology center to purchase whole systems of technical equipment. The postal technology centers and the telecommunications technology centers should arrange for their own research and development and production activities according to the contracts signed with the post and telecommunications business companies, postal transportation companies and telecommunications transmission companies. The centers should also provide design installation and construction service according to the demands in the contracts. After the postal transportation companies, the telecommunications companies, the postal technology centers and the telecommunications technology centers have satisfied the internal demands of the post and telecommunications departments, then they can provide services for the society to seek maximum economic results. When the quantity and the quality of the products produced by the postal technology centers and telecommunications centers cannot satisfy the demands of the post and telecommunications business companies, postal transportation companies and telecommunications transmission companies, these companies can also turn to society to place purchasing orders.

After establishment of the above companies, most of the functions of the post and telecommunications ministry offices can be transferred to the companies. The post and telecommunications ministry offices can become administrative agencies, mainly responsible for drawing up regulations for postal and telecommunications activities and establishing policies and guidelines for the development of the postal and telecommunications enterprises. Various economic levers can be used to coordinate activities among the companies so that they will develop coordinately, proportionately and according to plan along with each department of the national economy in the direction of socialism. Between the companies and their subsidiary enterprises (or plants), face-to-face leadership should be exercised in principle. Consideration should be given to the fact that postal and telecommunications enterprises are widely scattered and are at many localities. Between the business companies and the business enterprises, postal and telecommunications inspectors can be assigned in administrative or regional zones (or postal and telecommunications inspection groups) in charge of inspection of the implementation of operational plans and guidelines of the business companies by the business enterprises to urge the business enterprises to urge the business enterprises to report their various statistics and accounting reports correctly and timely and to raise the quality of the reports. After the inspection agency has been established, most of the functions of the administrative agencies of post and telecommunications at the provincial level can be eliminated or delegated to the inspection agencies.

The above is a general description of the postal and telecommunications management system constructed in theory upon the characteristics of the economic activity of the postal and telecommunications departments. Compared to the present management system, it has the following characteristics:

1. It provides the management agencies greater economic authority and greater economic responsibility. It realizes unified management of personnel, finances and material. It is beneficial to the development of the initiative and creativity of operational management of the management agencies.

2. It reduces the levels of management, eliminates multiple leadership and is beneficial to elevating the efficiency of management work.

3. It realizes specialization of operational management. Because of specialization of operational management, the standard of management can be promoted to establish a solid foundation for scientific management.

4. The production and sale of postal and telecommunications facilities and equipment are contracted. Production and sales are directly interfaced. Intermediate links are eliminated and poor quality of products and accumulation and waste can be eliminated.

5. Research and development, production, installation and design and construction of postal and telecommunications facilities and equipment form a unified body. The cycle for the research and development, production and application of new technology can be shortened and this is also beneficial to raising the level of postal and telecommunications sciences and technology.

9296
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ECONOMIC PLANNING

MARKET REGULATION IN MACHINE INDUSTRY URGED

Beijing JINGJI GUANLI [ECONOMIC MANAGEMENT] in Chinese No 6, 15 Jun 80 pp 28-31, 35

[Article by Son Xiaoling [1327 2400 5328] of the Policy Research Laboratory of the First Ministry of Machine Building: "The Economy and Problems in Implementing Regulation by the Market in the Machine and Electrical Equipment Industries"]

[Text] Changes of Long Lasting Effect

In 1979, the machinery industry faced the following situation: State plans were greatly slashed. Unders returned the merchandise. Many enterprises were given insufficient tasks. But, because of the implementation of planned regulation and regulation by the market in combination, the right of the enterprises to sell their products on their own was expanded. Production and flow were enlivened to a definite degree. As a result, the total annual value of production increased 11 percent over the previous year. An increase in profit of 9 percent was realized and the best levels of the past were achieved. More importantly, the implementation of regulation by the market began to mobilize the inner power of the enterprises. Many "long standing, big and difficult problems" were being solved. A series of changes of long lasting effects occurred.

For many years, our nation's machinery industry and enterprises produced products planned and ordered by the higher authorities. They mainly served heavy industry and provided equipment for basic construction. After implementing market regulation, and under the pressure of competition, many enterprises took the initiative to understand the market, investigated the need, and actively expanded the scope of services. They did what was needed.

In the past, machinery and electrical products were distributed and rationed in a unified manner. "The emperor's daughter does not need to worry about not being able to get married." Poor quality products still left the plants. Therefore, the call for quality first was heard every day but at the month's end and the year's end, production value and production quality were still emphasized first. After implementing regulation by the market good quality products were being snatched up by all. The tasks "were too much of a burden". Many enterprises truly realized that one must "raise quality to survive," and began to place quality in first place.

In the past, developing new products did not benefit the enterprises. It was not detrimental for the enterprises if they did not develop new products. After a product was developed, there would not be any worry that it would not have a market. After implementing market regulation, varieties of products that did not suit the demands were not being ordered. Without developing new products, there would not be any competitive capability. Many enterprises truly realized that one must "increase the varieties to seek development." The feeling of being comfortable with producing old products is changing.

In the past, technical service was "just talk, work arrangement was delayed, action was postponed." After implementing market regulation, many enterprises truly realized that without improving technical services they will lose customers and the market. Thus they took the initiative to develop maintenance, installation, testing, and assistance to train technical personnel and provide such services.

Although these changes have just begun, they are a clear trend. The point in common of these changes is also the most central. It is the development towards the direction of adapting to the needs of society. According to the demands of the basic economic rules of socialism, production must satisfy the ever growing material and cultural needs of the entire society to the greatest extent. This was talked about for many years in the past but was not realized. Now it is beginning to be done.

Many facts prove the policy of combining planned regulation and regulation by the market is entirely correct. The secretary of a party committee of a factory said it well: Implementation of regulation by the market gives the enterprises a lot of pressure. The main pressure comes from competition. Competition is the "pressure machine." It can awaken people from following the old routine, strive towards the better and compete for advancement. Competition is a school. It can encourage people to learn to do business according to economic rules and it can also shame those who eat and pass the day without doing anything. Of course, any kind of new reform will encounter some obstacles and bring about some new problems. The tasks we face are to eliminate the obstacles to our path of advancement, to study the new situation, to solve new problems so that this reform will progress healthily.

Eliminating Obstacles to the Path of Advancement

The present situation shows that regulation of machinery and electrical products by the market must be smoothly carried forward. Regional and departmental protectionism must be eliminated on the one hand and the problems with the source of raw materials must be solved on the other.

After implementing regulation by the market, some regions and departments exercised protectionist policies to make sure that enterprises of their own region and own departments would first be "satisfied." They established rules that all products which could be produced by their own region and own departments, whether the prices were high or low, whether the quality was superior or poor, they must be purchased and orders for products produced outside of their region and outside departments were prohibited. Investments were not made for the purchase of products produced in an outside region. The banks would not pay. Fuel oil ration tickets would not be issued for diesel engines purchased from an outside region. There were even regulations to punish those who order and purchase products from outside regions, etc.

This type of protectionist policy is a policy to protect backwardness. This is because if the technology is advanced, the products are good and the prices are low, there will not be any need for protection. To a nation, it is necessary over a definite period to exercise protectionist policies to develop the nation's industries. But within a nation, implementation of this type of protectionist policies can only bring about a passive effect. There are many shortcomings. They harm the nation and they harm themselves.

Under such protectionist policies, the enterprises that produce good quality products and low cost products do not have a full task to perform while some enterprises that produce poor quality products and high cost products continue to produce. For example, a certain plant in Xian has a history of over a decade producing air conditioners. Each unit costs 20,000 yuan. This year, it basically had no tasks. Another plant producing air conditioners is technologically inferior and the costs are higher than those of the certain plant in Xian by 3 to 4 times. Because it was "protected," it received many orders. The result of doing this is that it not only hinders adjustment of the national economy but also hinders the progress of those "protected" enterprises.

The ideological basis for protectionist policies is natural economic thought. A modern, large scale commercial economy requires breaking away from the regional and departmental limitations and organizing specialized production and cooperation and coordination within an even wider scope. The regional and departmental protectionist policies severe the inner connection among economic activities. The result is that only self sufficiency is promoted. Independent systems are created and large scale production becomes small scale production.

According to what we know, the reason some regions exercise protectionist policies is mainly due to the worry that some enterprises will be crushed in competition. What would be the actual situation?

Countless facts tell us: There are plenty of "gaps" between social needs and present production that are not satisfied. Implementation of regulation by the market will only stimulate the enterprises to investigate and understand and find ways to satisfy this need but will never cause the enterprises to become idle. At the same time, each enterprise has a "specialty" and also "shortcomings." Competition will only stimulate everyone to develop his own "specialty" and replace other's shortcomings." Most of the enterprises will not be squeezed out of business. Therefore, the task of the leading agencies should be to join the enterprises to investigate and study the needs of the markets, analyze the "specialties" and "shortcomings" of each enterprise, guide the enterprises to strive towards beneficial endeavors and avoid harmful endeavors and to advance through competition, but should not spend energy in drawing up passive protectionist policies. Of course, there will still be individual enterprises which do not have their own specialty and will not exert efforts to understand market needs, therefore they cannot continue to exist. This kind of enterprises cannot be protected even if protectionist policies are exercised.

Whether the regulation by the markets of the machinery and electrical equipment industries can persist depends to a very large degree upon whether the problem of the supply of raw materials can be solved. At present, products arranged for production by the enterprises according to market needs to not have a routine source of raw materials and the supply cannot be assured. If this problem is not solved, regulation of the production of machinery and electrical products by the market will not survive. Any kind of production of machinery and electrical products needs steel, iron and such raw materials. Implementation of regulation of machinery and electrical products by the market requires a corresponding market for raw materials. This means enterprises producing raw materials are allowed to sell the surplus on their own under the prerequisite that the state's tasks are completed. Enterprises producing machinery and electrical products are allowed to directly order from enterprises producing raw materials. At present, a market for raw materials actually already exists and performs a beneficial function. The task that needs to be done at present is simply to recognize its legality.

There is one proposal to simply demarcate the scope of planned regulation and regulation by the market by product classification. The products are classified into three categories: First category of materials are distributed according to plan or rationed, including fuel and major raw materials. The second category of materials are handled and sold by materials enterprises, including some metallic products, chemical industrial products, and machinery and electrical products. Only the third category of materials are allowed to be regulated by the market and by market exchange.

This kind of classification artifically severes the inner connection among economic activities and is contrary to the objective patterns of economic activity. For example, the production of machinery and electrical products allowed to be sold by the enterprises themselves according to the above regulations also requires such major materials as steel and iron. If these raw materials are subjected to planned distribution, then, the source of materials for the enterprises to arrange for the production of machinery and electrical products according to market needs will be cut off.

It is possible to consider classification by tasks, not by product categories to demarcate the scope of planned distribution and sales by the enterprises themselves. The materials for satisfying the needs of the key tasks of the state can be supplied according to plan issued as state orders. The flow of products is realized by planned distribution. Materials needed for the completion of other tasks are to be purchased by the enterprises themselves from the market of productive materials. Products are sold on their own in the market. In this way, the same kind of raw material such as steel materials has two groups, one regulated by planning and the other regulated by the market. This coincides with the principle of combining planned regulation and regulation by the market.

Study New Situations and Solve New Problems

Implementation of regulation by the market has brought about some new problems. Studying and solving these problems in time are very important to assure a healthy development of regulation by the market.

First, How to Strengthen Guidance of Market Activity

Implementation of regulation by the market allows enterprises to shoulder responsibility by themselves. Many enterprises have competed against each other to produce those products that are in demand and short supply and that are needed in the market. The two provinces of Heilongjiang and Jilin have four or five factories making steel windows. Some provinces have three or four plants making electrical and water meters. In some cities, there are several dozen plants in one city making electric fans. Similar situations exist with the manufacturing of such products as record players, washing machines and refrigerators. At present, this kind of irrational and duplicate production and repeated distribution is still in a developing trend. If the situation is not planned and guided, there will be a day when everyone will have invested in such endeavors and a productive capability will have been formed that surpasses society's need, creating loss and waste.

Facing this situation some comrades have proposed that it might be better to turn back sooner and eliminate regulation by the market. Some other comrades believe that continued development will naturally eliminate those enterprises that are poorly managed in competition. It is not necessary to worry about it. They even ridiculed those comrades who advocated planning and guidance as "being unliberated in ideology" and as "old frame of mind."

We believe that regulation by the market should not be abolished because some problems have emerged but it must not be allowed to go its own way. The socialist market is a planned and guided market. Our regulation by the market is not outside of planned economy and is not an independent economic activity exclusive of planned economy. Therefore, market activity must not only be planned and guided but it is entirely possible to plan and guide it. Concretely speaking, measures in the following three aspects can be considered.

One is to issue reports on production and need. For example, what is the nationwide demand, how many plants are now producing them, what are their capacities, when and how much capacity can the state-appointed plants reach for such production, how is their quality and what are their costs? All of these should be made public so that the enterprises will know the overall situation. In this way, all enterprises that produce or are prepared to produce electrical and water meters can choose between the following two policies according to the overall situation and their own conditions. If they have the conditions to compete with the appointed plants, they can make larger investments in producing larger quantities. If they do not have the conditions to compete with appointed plants, they can make smaller investments or not make any investments as long as they can satisfy the present need. This kind of report on production and need has the character of planned guidance. We have not done this before and there will surely be some difficulties in implementation. But as a state organ, the responsibility cannot be shouldered by anyone else and it must be implemented without excuse.

The second is economic legislation. For example, what types of products must be produced in large quantities, what kind of quality standard must be reached before the products are allowed to be produced, what kinds of technological conditions must the enterprises possess (production facilities, inspection means, management level) before they are allowed to begin operation--all of these must be clearly stipulated. With this kind of legislation, there will be a guide for inspection and supervision by the industrial and commercial management departments and the enterprises will have a basis for making decisions.

The third is to allow all enterprises to learn the scientific methods of making market forecasts and operating decisions. Everyone should prevent blindness.

How to use guiding plans, economic legislation and economic means to initiate market activity is a new topic we are facing after implementation of regulation by the market. Exploration and study must be carried out in practice to ceaselessly seek perfection.

Second, Opposing and Equal Competitive Conditions Must Be Created

Competition is one of the factors that make up the market mechanism. Implementation of regulation by the market and utilization of the market mechanism cannot avoid producing competition. Facts have already proven competition can push enterprises forward to improve operation and management. But under our nation's present conditions, competition among enterprises requires that the problem concerning opposing and equal competitive conditions be solved. For instance, to improve the distribution of industry, a large number of enterprises were moved from the coast to the third line and many of them were built in mountain regions far away from cities. Therefore, some expenses that plants in cities did not have had to be entered into the cost. For example, shops, hydraulic stations, schools, hospitals, transformer stations and even roads and bridges all had to be built with investment by plants. These investments also were transferred as fixed assets of the enterprises. Depreciation must all be entered into cost. In addition, there is also the problem of an outflow of talent. The living conditions at third line plants are generally more difficult and "people want to leave." The loss of technical personnel is serious. This also places these enterprises at a disadvantage. These are all objectively unequal competitive conditions. The enterprises are helpless in solving them. It should be said these problems are not new problems brought about by regulation by the market, but the emergence of competition actually makes these problems more realistic and more outstanding. Solving these problems has become an extremely urgent task.

Of course, absolutely equal conditions of competition are actually not possible. But creating opposite but equal competitive conditions should be done and it is possible. The following suggestions indicate how this problem can be solved:

The present unified tax system should be changed. Different taxes should be levied on differentiated income created by objective conditions. If the conditions are vastly different and when a varied tax cannot solve the problem,a "fixed fee" can be levied on enterprises with superior conditions.

Implementation of the above method needs a long time for preperation. As a transitional measure, certain third line plants should be taken care of when arranging the task of planned regulation.

All schools, hospitals, shops, roads and bridges should be invested and built by local governments from now on. Those which have already been invested and built by plants should be placed under the management of the city government. The property being used should be separated from the fixed capital assets of enterprises.

Measures to stabilize the work force should be implemented. For example, when plants far away from cities hire staff and workers, they should be allowed to give priority to dependents of their own workers. Because if they do not find employment at their own plant, they have no other employment opportunities. The intellectual youths of these plants should be exempt from being sent to the mountain regions or down to the villages because these plants are in the mountain regions. After this problem has been solved, it will exert a great effect upon the staff and workers of the third line plants to remain at the third line regions.

Third, How To Solve the Problem of Technological Blockade

At some enterprises, the problem of technological blockade has already occurred because they wanted to retain their own competitive position. There was one electrical machinery plant that made a breakthrough in the technology of manufacturing brush-less electrical motors. When representatives from other plants came to visit, they were enthusiastically welcomed but all information regarding technology was kept secret. There have already been similar occurrences many times.

There are two different views regarding this problem. Some people believe it is not right for socialist enterprises to engage in technological blockade and blame competition. Some other people believe the past method of allowing technological exchange was to encourage "sitting back and enjoying others' achievements." This is a blow to developing new technology. There was a plant that produced high pressure switches. It spent a lot of effort to successfully develop two kinds of high pressure switches that use less oil. After one phone call from the higher authorities, the plans were given to two or three brother plants and when slight improvements were made they received praise. In this way, who will have any more enthusiasm in developing new products? Isn't it less work to sit and wait for ready made things?

We believe technological blockade is one of the big shortcomings that hinders the development of productive forces in the capitalist production system. We must not do the same no matter what. But the unrewarded technological exchange of the past also does not help technological development, and it should be reformed. Is it possible to consider using technological transfer that will be rewarded to replace technological exchange that is not rewarded? There are mainly two ways: one is to transfer technological information of new products and new technology developed by one enterprise to other enterprises. The two parties must first negotiate and sign a contract and willingly form a deal. Except for special situations, the higher authorities should not issue strict orders. The second way is to allow the two parties to negotiate according to the actual situation based on the state's policies regardless of what prices are involved and the higher authorities should not interfere.

The true nature of this method is the actual utilization of price patterns in the exchange of technology to encourage competition in technology. In this way, the habit of "sitting and waiting for something to be done" can be avoided and technological exchange can be stimulated, creating a situation where everybody competes against each other and everyone competes for advancement.

Fourth, How To Treat The Direction of Products of Enterprises

In the past, each plant produced products that were specified by the higher authorities. After implementation of regulation by the market, enterprises were required to actively develop new varieties of products needed by the market. Now, two situations have emerged which are worth noting. One is overly limiting oneself to the direction of originally specified products and reluctance to take even one adventurous step. This way cannot adapt to the needs of the market at all and cannot adapt to the needs of competition. The second is to do whatever comes along and being absolutely non-selective. Some oxygen producing plants are producing electric fans, lathe factories are producing motorcycles, and specialized casting and forging plants are producing furniture, etc. If this situation continues for a long time, the elevation of the technological levels of production of the enterprise will be seriously affected and even specialties in technology will be lost. This is very detrimental to long term development.

Some enterprises have handled it better and produced a variety of products while "keeping their specialties alive and producing a lot of varieties of products without confusion." For example, the Xian Motion Picture Machinery Plant produces developing equipment for motion picture film. Last year it did not have a full production schedule. The plant arranged for the production of medical thermostats according to market need. Viewing from the surface, one is a product of the instruments industry and the other is a product of the medical machinery industry. Viewed from the category of products, one belongs to the machinery category and the other belongs to the medical category. They seem to be entirely different and exclusive. But in fact, the medical thermostat is actually the cooling equipment, heating equipment and control system of the developing equipment for motion picture film placed in a box. From the point of view of manufacturing technology, they are entirely interchangeable. In this way, the scope of service is expanded, the need of the society is satisfied, the variety of products is increased, and the problem of not having a full production schedule is solved.

The varieties of products that "keep the specialties alive and that are plenty but not confused" mentioned here do not use the direction of the products originally assigned to the enterprise for production as standard but use the principle of developing specialized technology of the enterprises as standard. In general, the needs of society are multifaceted. It should be recognized that the direction for the production of products assigned to the enterprises by the higher authorities does not suit the needs of society completely. It should be regarded as entirely normal for enterprises to produce products not in the direction of products assigned to them based on the needs of society and their own technological specialty. This is the versatility brought about by regulation by the market.

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ENERGY CONSERVATION, MANAGEMENT IN HANGZHOU URGED

Beijing JINGJI GUANLI [ECONOMIC MANAGEMENT] in Chinese No 5, 15 May 80 pp 18-19

[Article by the Hangzhou Municipal Industrial Briefing Office "How We Grasped the Distribution and Conservation of Energy"]

[Text] For more than 3 years after crushing the "gang of four," industrial production in Hangzhou city has revived and developed rapidly. The city's total value of industrial production in 1979 was nearly onefold that of 1976 and an increase of 60 percent over the highest record of 1973 in the past was realized. Such rapid development in industrial production has many causes. In economic work, it is inseparable from the relatively conscientious grasping of distribution and conservation of energy.

Energy is the "food" and "blood" of industry. Without energy or with insufficient energy, production activities will be limited. The store of energy of our nation is rich and the development of energy production is also very rapid. But because of interference and sabotage by Lin Biao and the "gang of four," the proportions of the various sectors in the national economy are seriously imbalanced. The development of the fuel and power industries could not keep up with the needs of the development of the processing industry. In particular, the fuel for our Hangzhou area is completely dependent upon supplies from other places. With poor management, the conflicts in energy supply and demand is even more outstanding. The ration of charcoal is deficient every year. Yet the supply of electricity and oil has to be cut. How can these difficulties be overcome so that energy supply can be rationed at a low level and so that industry can increase production at a rapid speed? We believe that to solve the energy problem involves the two aspects of opening up new energy sources and conservation. Opening up new energy sources is urgently needed but viewing the present situation in the Hangzhou area, resources are lacking. Therefore, the emphasis of work should be placed on energy conservation so as to use conservation to make up for the deficiency in energy sources and to use conservation to seek increased production.

(1) Propaganda and education on conservation of energy should be launched on a wide scale to mobilize the masses for conserving energy in a big way.

Since the second half of 1979, we have held city-wide and professional mobilization meetings, on-site meetings and meetings to exchange experience many times to conscientiously implement the directives and spirit of the work in conservation of energy of the Party Central Committee and the provincial and city committees. The situation, the problem, the task and measures were all explained to the broad masses of cadres, staff and workers. The important strategic significance of energy conservation to the realization of the four modernizations was repeatedly explained clearly to them, and the situation that this city has a high level of consumption, a high level of waste, and a low level of utilization of heat energy was also explained. The direction of struggle, the goal and the method to conserve energy were proposed and everyone was asked to grasp energy conservation tightly in the movement to increase production and conserve. Each drop must be accounted for in detail, each corner must be explored to dig for potential. The "three ones" activity must be popularly launched to conserve one ounce of coal, one kilowatt of electricity, one drop of oil. Many plants and enterprises also use statistical charts and cartoons and such methods to publicize the daily production situation, consumption of fuel, use of power and the typical progressive and backward cases in meeting halls, mess halls, and shops. Illustrative education is conducted so that the broad masses of cadres and staff and workers and everyone else will be concerned about this great task of energy conservation and thus everyone's understanding can be elevated to overcome the kind of thought that "coal, oil, and electricity must be used every day and a little waste does not matter" so that energy conservation work will become a self conscious activity of the masses.

(2) Truly strengthen energy management

The emphasis is to grasp the "one inspection and four quotas" in electric power and the "double quotas" in fuel. The entire city already has 827 production units and 227 non-productive units have implemented supply of electricity according to certificates, setting a quota for the amount of electricity, setting a quota for load, setting quota for unit consumption, and setting quota for time of use of electricity. Regarding fuel, there are 932 production units that use coal and oil. In accordance with the spirit of concerned documents of the State Council and the province, the 111 large consumers of over 100 tons of coal and over 50 tons of oil were regulated by establishing quota management and supply quotas in 1978. In 1979, the entire city's productive units that consume coal and oil were regulated by establishing quota management and supply quotas according to the value of production, products, investment of raw materials and the facilities for burning coal and oil. Consumption of fuel according to quota in the entire city has been implemented for each furnace, kiln and stove of productive units that burn coal. The supply quotas already constitute 74 percent of the total amount of supply. At the same time, management of coal fields has been truly strengthened, the system has been made sound, regulations have been drawn up, each plant and enterprise is asked to firmly establish complete original records. The data must be accurate and reliable. Incoming coal to the plant must be received, classified and piled up. Coal is rationed according to quotas, the supply is weighed before use, conservation efforts are rewarded and wastefulness is punished. The past situation of "confusion about coal" and "confusion about oil" when incoming coal and oil are not received properly, not weighed before burning and not recorded before use has been changed. Simultaneously with the strengthening of energy management, we also tightly grasped training of furnace operators. Under the coordinate efforts of the unions, labor departments and scientific coordination councils, teams for the exchange of boiler techniques and training classes in furnace operations and techniques were organized. Furnace operators were given on-the-job training in rotation. In 1979, 12 classes were given. A total of 754 furnace operators were trained, constituting 30 percent of the total number of furnace operators of the entire city. Through training, the technical and theoretical level of the furnace operators was elevated. This created the condition for saving coal before entering the furnace.

(3) Strengthening deployment, selective supply, overall adjustment, care for short supply

Those enterprises that consume a low level of energy, that have good management, that produce products that suit sales are declared as superior units for selective supply and are given priority in the distribution of energy. The supply to those enterprises that do not have sufficient duties and consume a high level of energy is appropriately tightened. Enterprises that burn oil irrationally or whose furnaces should be rebuilt for burning coal should be given a time limit to rebuild their furnaces to burn coal. For 3 years, the entire city's over 100 units that burn oil were reduced to over 50 units. The annual fuel oil supply decreased by about 40 percent. To hasten the speed of development of light industries and textile industries, the "three priorities" have been given as much as possible to the light and textile industries to satisfy the need for energy. The three are priority for arrangement, priority for supply and priority for quality. In 1979, the supply of charcoal to the whole city's light and textile industries increased 37 percent from 1978, greatly surpassing the growth rate in the supply of charcoal for the entire city.

(4) Using fuel of low thermal value as a measure that suits local circumstances, actively popularizing new techniques of conservation of electricity

The Hangzhou area does not produce oil and does not produce coal but there is a definite amount of bone coal resources in the neighboring counties. Heat energy can also be obtained by burning bone coal in evaporation furnaces. Because burning of bone coal in the cities easily pollutes the environment and the transportation fees are high, we have mainly assigned its use to those producing counties. Appropriate arrangements can be made under possible conditions to use it in cities and suburbs. In 1979, concerned enterprises in the city and the suburb used a total of 30,000 tons of bone coal and gangue. At the same time, great efforts were exerted to retrieve and utilize coal cinder and chimney soot. Beginning on January 1, 1979, 81 major plants of the city implemented the practice of collecting and handing over coal cinder in exchange for their supply of coal. In the entire year, over 300,000 tons of coal cinder and chimney soot were retrieved and utilized. In conserving electricity, there are at present over 160 plants and enterprises that have popularized the use of the new techniques of infrared heating and drying. Installed capacity is over 11,800 kilowatts, 65 percent of the total capacity that can be used widely. Over 3,400 textile machines of the cotton textile industry have utilized belt plates and spring mounts that conserve electricity, or over 39 percent of the total number of mahines.

(5) Strengthening the leadership in energy work

First, energy work must be assured by organization. The city, bureaus and plants all have special personnel or special agencies to manage the planned distribution and conservation of power and fuel. Then, while planning for production in arranging work, energy work must be conscientiously arranged. The movement to increase production and conserve must be launched, placing emphasis in energy conservation. At the same time, inspection, criticism and comparison must be tightly grasped. Small scale criticism must be conducted semiannually, and summary, inspection, criticism and comparison must be conducted in combination with production at the end of the year. Implementation of "double quotas" for fuel and "one inspection and four quotas" for electricity must be inspected to stimulate continued and deeper development of conservation activities.

Through this series of work, the entire city's conservation of energy achieved some results. In 1979 alone, the entire city conserved 70 million kilowatts of electricity and over 47,000 tons of coal. Deficiencies were appropriately supplemented and the need of the development in production was basically assured. Fuel supply increased 7 percent while industrial production increased by more than 15 percent.

For the 3 years, we have done some work in managing the distribution and conservation of energy, but many problems still exist. During the production process of many of the city's boilers, heating furnaces and kilns produce surplus heat and waste gas which at present are basically not utilized or scarcely utilized. Energy conversion equipment is mostly old and outdated. Consumption is high, efficiency is low and they urgently need to be rebuilt. We are determined to take advantage of the great situation of the present time to continue to implement the spirit of the series of directives concerned with energy conservation issued by the Party Central Committee and the province encourage the masses to engage in energy conservation in a big way, strengthen energy management, realize more achievements in this era of great achievements, pioneer and endure hardships and struggle ceaselessly for the bright future of the realization of the four modernizations.

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FOREIGN TRADE

IMPROVEMENTS AT NINGBO SPEED UP CARGO TRANSPORT

Hangzhou ZHEJIANG RIBAO in Chinese 7 Jul 80 p 1

[Article by Zou Qi [6760 3825], Ma Qinfa [7456 0530 3127] and Liu Xin [0491 2500]: "Ningbo Improves Transportation Network"]

[Text] Gradually, the city of Ningbo tried to establish contracts with various transportation units of the railway, highway, harbor, and navigation systems and owners of cargo to be transported. For this the city has received the praise of superior organizations as well as that of material supply units.

Ningbo is a major pivot of transportation in eastern Zhejiang in land and water transfer, and is also an important harbor of foreign trade in the province. Due to the fact that for a long time the railways, harbors, highways, and river navigation had not been properly planned and connected, obstructions at the railroad station and the harbor periodically occurred. Merchandise arrivals at the railroad station were not evenly planned, and responsibilities at the harbor to take over the cargo from the railroad station were not defined. Ships could only stop the loading process and wait in the harbor. The city had, therefore, become the big problem in the province's transportation system. The city's industrial and transportation offices negotiated with the city's joint transportation command to extend the contract transport method among the various transportation links of the city. Contracts were negotiated between the Ningbo North Station of the Branch Bureau of Hangzhou Railway and Ningbo Truck Brigade of the Ningbo Automobile Branch Company and Fenghua District Industries Supply and Sale Company, between the highways, the harbors, and the shipping units, between the Bureau of Harbor Affairs, the Ningbo Automobile Branch Company, and the Qin County Joint Group and owner-units of merchandise, including Ningbo Steel Iron Plant etc and transportation and transfer contracts were finally signed. Consequently, 80 percent of the input and output cargo of the harbors and railways have transfer and conveying plans for orderly transportation.

Contract transport among the various transportation units and the owners of the cargo is a good method and coincides with the economic regularity.

First of all, there will be a balance at the connections. Those in charge at the railway, the harbor, and the shipping units will have an idea about how much cargo is coming and going every month and to what direction, so that mutual cooperation is strengthened. Second, negotiation and contracting make it possible to achieve division of labor and requirements of speed, economy, and transportation quality may be clearly stipulated. In this manner, the sense of responsibility of all the units concerned may be heightened.

In the past, when a batch of merchandise was to be transported from ships to the rail, several tens of days to several months were needed. The cargo stayed at the harbor for days and days. This condition has now been basically eliminated. In 1976, an average of 8.7 days was needed to make a transfer. Now, the period has been reduced to about 4 days (at the railway station it is only 3.7 days and within the city it is only 1.66 days). Third, the quality of the transportation service is greatly improved. This is a great convenience for the owners and material supply and sale units. Fourth, contract transport can also promote the development of truck transportation. For example, after a contract agreement is signed between the railroad and the municipal automobile transport companies, the railroad company guarantees the truck company to have full truckloads, while the municipal truck company guarantees the railroad to have more cargo and to have the cargo coming faster. This is a method of mutual promotion. Since its adoption, the transportation plans of the municipal truck transportation company have been satisfactorily completed month after month.

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FOREIGN TRADE

LOCALLY MANAGED SHANDONG TRADE TRANSPORT URGED

Beijing RENMIN RIBAO in Chinese 8 Jul 80 p 2

> [Text] Editor's Note: The condition of transportation cannot yet satisfy the needs of export trade. It has been a problem without a solution for a long time. The successful management of the foreign trade vessel, Luhai No 65, locally by Shandong Province to sail directly to Hong Kong explains that the situation of monopoly in transportation management must be broken to permit local management or joint local management along with the Ministry of Transportation. If many shipping companies are permitted to compete with one another to compare their quality of service and business management, some contradictions existing in today's transportation system may possibly be reasonably resolved, at least to a certain extent.

Correspondent Zhuang Kaixun [8369 0418 8113] reports: The locally managed foreign trade vessel, Luhai No 65 of Shandong Province, has completed four trips since its maiden voyage to Hong Kong on 3 February. The vessel sails directly to Hong Kong every 20 days. The cargo has arrived on time and the unloading process has been swift. It is well received by the merchants of Hong Kong and Macao. Many merchants wrote letters requesting that their cargo be shipped on that vessel.

Luhai No 65 is a 3-level freight of a capacity of 8,900 tons. It has four freeze cabins and two chilled cabins; therefore, it is suitable for shipping such native products of Shandong as vegetables, fruits, frozen chickens, rabbit meat, frozen fish, and frozen shrimp, Qingdao beer, jelly-noodles, etc as well as such staples as textiles, handicraft and industrial art products, leather wares. Luhai No 65 sails directly to Hong Kong and so far has carried more than 23,000 tons of foreign trade cargoes. This locally managed vessel has made it possible for the frozen and fresh merchandise of Shandong as well as its agricultural by-products to reach the markets of Hong Kong and Macao on time. Furthermore, the pressure on the harbor, the railway station, the warehouses, and the storage yards in terms of rail transportation is thus reduced and the ocean transport industry is thus developed.

Each year, Shandong Province supplies about 350,000 tons of merchandise to Hong Kong and Macao to be transferred there. The Jiaoji Line [the railway between Qingdao and Jinan] is in a state of saturation. Besides, rail transport is not economical and it has been for some time that many cargoes have converted to sea transport. Due to the fact that China's overseas cargo transportation was the monopoly of the China Overseas Transport Company of the Ministry of Transportation, shipment was very slow and when ships arrived at the harbor, unloading was so much delayed that sale and transfer were seriously affected. The merchants of Hong Kong and Macao objected to the situation violently.

Based upon a permit secured from the State Council concerning local solution to transportation problems, Shandong Province was approved by the Ministry of Transportation on 23 November 1979 to dispatch Luhai No 65 directly to Hong Kong. Comrades of Shandong Province proposed that with the reform of the foreign trade management system, the transportation system should also be changed. The authority of transportation management in China is overly concentrated at present. It has become a virtual monopoly. There is no choice available, especially regarding the "guaranteed transportation system." In matters of harbor processing, some are preferred over others. The situation is very irregular. Consequently, the cargo that has arrived first is shipped later than the cargo that has arrived later, causing the customers to be very dissatisfied. The success of Luhai No 65 explains the necessity of local management of overseas transport of merchandise. They [comrades of Shandong] suggested that Luhai No 65 would serve as a foundation. Ships will either be rented or bought later to organize a local freight of ships to open a scheduled short distance overseas shipping line to Hong Kong, etc, to permit local areas and related enterprises to handle the management of outgoing freight so as to break the monopolized situation.

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TRANSPORTATION

GREAT STRIDES MADE IN BUILDING ROADS IN MOUNTAIN REGIONS

Beijing JINGJI GUANLI [ECONOMIC MANAGEMENT] in Chinese No 5, 15 May 80 pp 28-30

[Article by Wang Yi [3769 3015] of the Highway Bureau of the Ministry of Communications

[Text] Our nation is a mountainous nation. The area of mountainous regions constitutes 60 percent of the total area of the nation. Every province and autonomous region has mountainous regions. Therefore, development of mountainous areas occupies an important position in the development of the entire nation.

For several thousand years, our nation's mountainous regions have been closed to traffic. The roads are treacherous and prohibiting and the regions are poor and backward. After Liberation, the party led the people to develop and build up the mountain regions and great achievements have been obtained. But, highway construction in the mountainous regions could not keep up with the situation, the mountainous regions still remained very backward compared to the plains. The great mountainous regions of the Guangxi Zhuang Autonomous Region have a population of 600,000 and 800,000 domesticated animals. Because of inconvenient accessibility of the regions, their drinking water is often in short supply. The mountainous region of Enshi in Hubei has no road and in winter there are often several months when edible salt could not be sold. The farm machinery and chemical fertilizers rationed by the state to the mountain region cannot be shipped into the region. For example, the Shuiyu Brigade of the Zhangjiazhuang Commune of Linshou County in Hebei Province purchased a tractor in 1975. Because there were no roads, the tractor could not be driven to its destination and it was placed in storage elsewhere for a long time. The Liumuyan Commune of Pingshan County in Hebei Province had to ship 650,000 jin of material in and out each year before a highway was built. The material had to be shipped by men and animals of Mengjiazhuang 50 li away, occupying 15,000 man-days; the higher authorities rationed chemical fertilizers for them. Shipping 1 ton requires 50 work days. Because the mountain paths are treacherous, supplementary work, supplementary food, supplementary pay given by the commune and the brigade to the people were simply given up by the people. They were not even willing to go and pick them up. The Yuanyang Commune of Wushan County in Sichuan Province dispatched 120 strong workers to build a hydroelectric station. They spent 9 days disassembling the machinery into parts and carried the parts on their backs one by one. Farm sideline products, minerals and economic crops of the mountainous regions could not be shipped out because of inconvenience. For example, the Dauashan region of Shaanxi Province once purchased 5,000 jin of eggs. Because they could not be shipped out, they all rotted. The Luoshan Commune of Tonglu County in Zhejiang Province let over 200,000 tons of raw material for manufacturing paper rot in the mountains each year before a highway was built. In carrying one cubic [meter] of logs by human laborers to the market, the production team can only receive an income of 6 yuan. Because production in the mountainous regions is limited by conditions, people's livelihood is still very poor. For example, the average food and grain ration per person of the Gaoling Brigade of Baying Commune of Ruijin County in Jiangxi Province is 300 jin; average personal income is only 35 yuan. The number of families with deficit expenditures constitutes 80 percent of all the families of the brigade. Poverty has caused the people of the mountainous regions to leave. Before the Yuquanzhuang Brigade of Xinkai Commune of Lingshou County, Hebei Province had a road, female youths left the mountains to get married while males remained single. The entire village had 53 families and 21 families did not have any females, and thus the males left too. Mountain people are very dissatisfied with the backwardness left them for several thousand years. Especially today when the party's work emphasis has shifted to modernized socialist construction, the demand for changing the backwardness of the mountainous regions is stronger and the call for building highways is louder.

For the Mountain Regions To Become Rich, Roads Must First Be Built

People of the mountainous regions deeply realize that their poverty is due to a lack of roads. If there are roads, the several thousand years of backwardness can be changed preliminarily within several years. Let's take the Tuanbokou Commune of Lingshou County of Hebei Province as an example. The commune started to build roads in 1977. Two years later, the industrial raw materials (vermiculite) shipped out earned an income of 330,000 yuan. The farm sidline products (mainly fruits) shipped out earned an income of 420,000 yuan. Food production also increased greatly. In that year, over 100 tractors, diesel engines and pumps were purchased. Eight hydroelectric stations were built. The standard of living of commune members rose from an average of 39 yuan per person per year to 95 yuan. Work point value rose from 34 cents to 67 cents. Fifty percent of the families have sewing machines and bicycles. Fifty percent of the families have savings. Such a great change was realized in only one year. The same occurred in one county. For example, the Pingshan County of Hebei Province began in 1976 and struggled for 3 years to build kilometers of highways, greatly liberating the productive forces. The entire county's food grain production was raised from the per mu yield of 419 jin in 1976 to 850 jin in 1979. Dried and fresh fruits of over 10 million jin were produced each year and precious herbs of over 600,000 jin were shipped out each year. Farm machinery and chemical fertilizers were shipped to the mountains en masse. The entire county's 52 communes all engaged in commune and brigade enterprises. Industries operated by the communes had a total income and a total farm machinery power of 9,970,000 yuan and 74,000 horsepower in 1976 respectively. These increased to 14,850,000 yuan and 104,000 horsepower in 1979. The entire county's commerce, post and telecommunications, medical treatment and public health also prospered and developed, greatly hastening the progress of modernization of the mountain region.

Mountain regions can realize such rapid and great change. This indicates that material resources of unclaimed mountainous regions are rich. Resources of the mountain regions (minerals, forestry production, farm sideline products) are mostly needed by the cities and industries, like the industrial products of the cities that are urgently needed by the mountainous regions. The potential for material exchange between them is great. But if there are no roads, no matter how good the resources of the mountainous regions are and no matter how good the industrial products are, it is very difficult to utilize them. When there are roads, the mountainous regions will suddenly change from dead treasures to live treasures and dead riches change into live riches. The cities and the villages are connected and promote each other. This also forcefully shows building roads in mountainous regions is a prerequisite to exploiting and developing the economy of mountainous regions. Without this prerequisite, nothing can be said.

Relying Upon the Masses To Build Roads

Our nation is huge in area but the foundation is weak. The number of roads that need to be built in the mountainous regions is large. And the time requirement is urgent. Facing this situation, how can road construction be done well to adapt to the needs of construction of the mountainous regions? Practice of the past 30 years proves that the greater, faster, better and more economical way is to motivate the masses to build roads with their own hands, to suit measures to local circumstances and to utilize local materials to build roads in the mountainous regions. The masses of the mountainous regions said it well; roads of the communes and brigades in the mountainous regions are for serving production and life of the communes and brigades in the mountainous regions. One should build the roads one uses. One must not completely depend upon the state. If one waits for the state to invest, a long time will be needed. Building roads with one's own efforts requires only 2 or 3 years or even in only a year and a half or so the road will be built. Of course, poor communes and poor brigades that have a heavy burden of building roads because of the scarcity of people and because they are located deep in the mountains and far away in remote areas should be given assistance by the state in materials and capital. Lingshou County of Hebei Province located in the Taihangshan region is such a county. Since 1975, 52 county and commune roads have been built connecting the county's 28 communes and over 90 percent of the brigades. Road building consumed a total of 2,470,000 cubic meters of soil and gravel and over

2 million workers were employed, over 400 tons of dynamite, nearly 100 tons of drill rods and over 300 squares of logs were used. The entire investment was over 2.5 million yuan. Besides the 760,000 yuan of state subsidies, the remaining 1,740,000 yuan was entirely raised by the communes and brigades. The masses were mobilized to go to the mountains to mine, dig for herbs, cut straw for weaving, and develop industrial sideline production. The over 400 tons of dynamite and 12,000 hand trucks and baskets for moving earth were all made by themselves. Road building technology was learned during the course of road building. During these few years, they trained the masses and 40 key surveying and design and construction technicians. The No 8 production team of the Wanshiyuan Brigade of the Yanchuan Commune of the county has 30 families, 130 persons living half way up the mountain of dull white rocks. Going up the mountain and returning involved travelling over 10 li. There was only one small mountain path surrounding the mountain and it was very difficult to travel. Since 1976, the masses have been mobilized. They carried their own tools, homemade dynamite, raised their own funds, prepared their own materials, applied traditional home spun methods and built roads in cliffs and precipitous walls. One section was built every year without stopping. After 4 years of hardship, over 17,000 workers were employed and over 15,000 yuan of capital funds raised by themselves were spent. Not even one cent was asked for from the state. Five Chinese li of a simple road have now been built. The remaining 5 li of roads can be travelled by push carts.

Building bridges and roads has been a superior tradition of our nation's laboring people for several thousand years. After Liberation, the nation implemented the policies that the people should work and the state should provide assistance and the people should work for public projects persistently to construct local roads. This showed the superiority of the socialist system and coincides with the benefits of the state, the collective and the individual. It is the correct path towards hastening construction of roads in mountainous regions. Lingshou County is a county in the mountainous region where 88 percent of its area is mountainous land. Within a few years, roads have connected all of the communes and most of the brigades throughout the county. This is because the mass line and the policy that the people should work and the state provides assistance and that the people should work for public projects persistently were implemented thoroughly.

Overall Planning and Comprehensive Management

Construction of roads in mountainous regions serves the exploitation and development of the economy of the mountainous region. It has a lot of points of work, a wide scope, a long work front, difficult engineering tasks the complex situations and such characteristics. Highway construction must be included in the overall plan for the development of the mountainous regions according to the principle of comprehensive management of the mountains, water, fields, forests and roads. The relationship between road building and all other aspects must be correctly handled. Otherwise, losses will be incurred and the support of the masses will not be gained.

Road building involves planning for a long period and is closely related to the benefits of the masses. Drawing up the plans must involve profound investigation and study and reasonable planning. The Quinglong County of Hebei Province suited measures to the local circumstances by building waterways along borders and roads on mountains, dams and fields so that the forests, the fields, the roads and dams were all within a system. When implementing the plans, each profession cooperated closely with the other, and highway construction developed very quickly. Pingshan County insisted that one road should have multiple uses in its road construction and ditches and roadr should be combined. Engineering construction for agriculture, water conservancy and transportation could be comprehensively utilized. This conserved manpower and materials and also hastened progress of the construction project. For example, a bridge built as a dual purpose aquatic and road bridge can serve as a reverse siphon and a road bridge. Water can be channelled under the bridge and vehicles can cross over the bridge. To implement the plans, emphasis was placed on the principles of good linearity, less space and small scale construction in surveying to select and fix the lines for roads. Construction is arranged according to the principles of doing the easy tasks first and the difficult tasks last, building roads before building bridges, and opening the roads to traffic and then raising the roads.

Drawing up and implementing plans are important tasks that affect the overall buildup of the mountainous regions. The key to whether they are done well or not is the unified leadership of the party and administration of the mountain regions at each level. A specialized staff must be set up to grasp the tasks to the end.

The Style of Communism Must Be Developed and the Economic Policy of the Party Must Be Implemented

One of the major difficulties of road construction in mountain regions is the scarsity of labor, the roads are long, the construction is difficult. Relying on the efforts of one commune and one brigade often requires several years for completion. This is very unfavorable to production and construction of the mountain regions. Therefore, to complete construction of roads early so that the communes and brigades can benefit early, it is very necessary to develop the style of Communism among brother communes and brigades and mutual cooperation. But, in the past, whenever mention was made of style, the economic policy was neglected. Equalitarianism and indiscriminate transfer of resources occurred in labor force, material and capital. The burden of the communes and brigades that did not benefit was increased. The enthusiasm of the masses was hindered. They were reluctant to exert efforts and work. The result was a delay in construction and slow progress. The Mengjiazhuang Commune of Pingshan County of Hebei Province eliminated the interference of the extreme leftist line of the "gang of four," implemented a method of "work points in exchange for work points, generally equal, and repaying help on a yearly basis." The relationship between the brigades that benefited and the brigades that did not benefit was properly handled. In order that every brigade was connected by roads, they insisted on unified planning and building roads each year. This year you help me and the next year I help you. Brigades that benefited provided food, money and labor while brigades that did not benefit provided labor only. Among the brigades that benefited, the burden of providing labor, materials and funds was reasonably arranged according to how much a brigade benefited. In this way, the enthusiasm of the masses was mobilized. Before 1977, they mobilized the labor force of four brigades to help seven other brigades build roads, bridges and the roads were opened to traffic. In 1978, these seven brigades were organized to help the four brigades to work during a winter and spring. Three hundred thousand workers were employed and every brigade of the entire commune was linked by roads which opened to traffic. This method is also suitable for large scale construction involving several communes. The Pingshan County Committee mobilized the forces of the entire county to complete building the "Bopo channel," benefiting twelve communes. In 1979, 2,500 laborers were employed from these 12 communes to help the 14 communes that did not benefit to build 46 Chinese li of roads for the county communes. This shows mutual help and using work in exchange for work. This method hastened the speed of construction. The masses were happy and the leadership was satisfied.

Insist on Equal Emphasis on Building and Maintenance to Assure Passable Roads

It is a great achievement for mountain regions to have roads where previously there were none. But having roads does not mean they are always passable. Washing by rain, turning up of mud, erosion and such natural damage will often cause damage by water, collapse of the road surface and potholes, which hinder traffic. Therefore road maintenance is very important. The masses said it well: "Building roads without maintaining them is equal to wasted efforts in building the road." The tendency to build heavily but maintaining the roads slightly must be overcome. The principle of equal emphasis on building and maintenance must be firmly upheld so that when aroad is built, it is maintained, trees are planted along it and it is firmed up and used to assure that it is passable. People in the mountainous regions have suffered enough from "having to climb mountains after leaving their houses and having to transport goods on their backs and shoulders." They will take extra care of the roads of happiness they built themselves. They can build and can maintain the roads. Li County of Gansu Province implemented the system of "having the people work on public projects persistently." A road maintenance team of the masses consisting of 310 commune members was organized as the backbone for maintenance of ten mountain roads of 360 kilometers. Maintenance was contracted section by section and the road was kept in order throughout the year, realizing "building, maintaining and using the roads all by themselves." Lingshou County of Hebei Province has 19 local roads. Because they were maintained throughout the year, these original simple roads were elevated to fourth class roads and the condition of the roads were greatly improved.

Building roads in mountainous regions in our nation has already brought great achievements and rich experience. But at present, there are still two counties and towns of nearly 5,000 communes and over 200,000 brigades throughout the nation which are not connected by roads. They are still accessable only by arduous paths, ladders and stone steps. These are backward when compared to our nation's present general situation, let alone the goal of modernization. Therefore, building of roads in mountainous regions must be included in the schedule of important tasks. The already acquired experience must be utilized to realize the goal that every commune should be connected by roads by the year 1985 as proposed in the "decision concerning several problems in the hastening of agricultural development issued by the Chinese Communist Party Central Committee." Efforts should also be made to build roads to connect 80 percent of the production brigades and thus hasten the progress of construction for the modernization of the mountainous regions.

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